Annual Report 2016

Unlocking Growth Through 2016 and Beyond

WHO WE ARE

IGO is an ASX listed, diversified mining, development and exploration company that is currently developing the world class Nova Project as well as producing gold, nickel, copper, zinc and silver from three mining operations in Western Australia.

IGO has a strong sense of purpose focused on the creation of long-term shareholder value through discovery, acquisitions, development and operation of high-margin, long-life mining projects diversified by commodity and geography.

The Company has a unique platform for growth with the expected delivery of first concentrate from the world class Nova Project in December 2016 and the potential to transform the Tropicana Gold Mine through exploration and a study work program that is currently underway.

Along with a quality suite of assets, IGO has the people and culture that are focused on optimising and maximising our business. This is "The IGO Way".

CONTENTS

2016 HIGHLIGHTS

- **Completed the acquisition and integration of Sirius Resources NL into the IGO Group**
- **Released the inaugural Sustainability Report**
- **Tropicana Gold Mine celebrated 1 Million ounce milestone**
- **Completed the Nova Project Optimisation Study demonstrating significant value up-lift**
- **Rationalisation and prioritisation of exploration expenditure for FY16**
- **First Ore mined in development at Nova**
- **Significant investment at Tropicana Gold Mine to expand capacity and unlock resource upside potential**

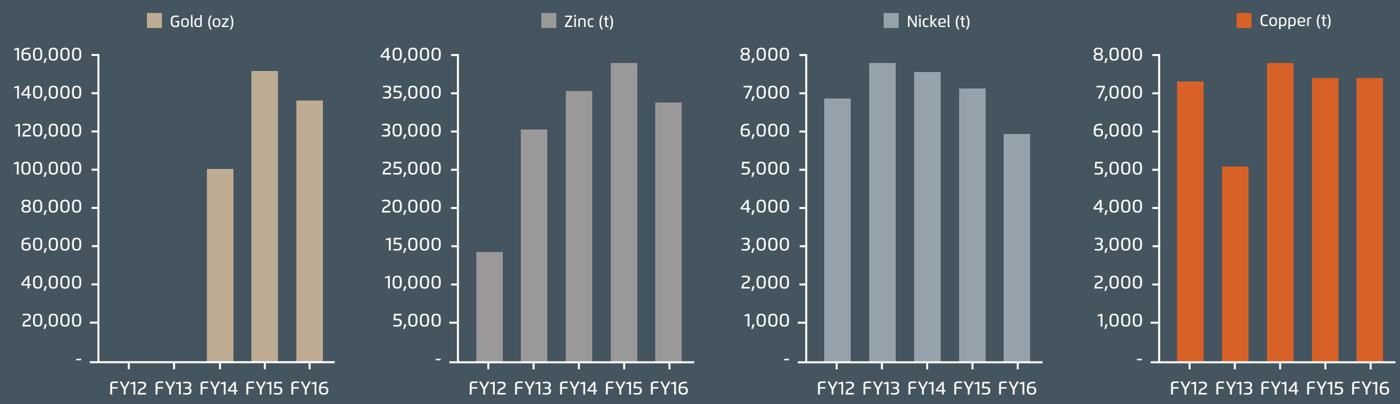
FINANCIAL SNAPSHOT

Financial Summary

Highlights	FY16 $M	FY15 $M	FY14 $M
Total revenue and other income	417	499	399
Underlying EBITDA[1]	137.5	213	142
(Loss) profit after tax	(59)	77	49
Net cash flow from operating activities	95	202	129
Free cash flow[1]	(328)	116	30
Total assets	2,007	820	781
Cash	46	121	57
Marketable securities	5	16	1
Total liabilities	552	155	171
Shareholders' equity	1,456	665	610
Net tangible assets per share ($ per share)	$2.85	$2.84	$2.62
Dividends per share – fully franked (cents)	2.5	8.5	8.0

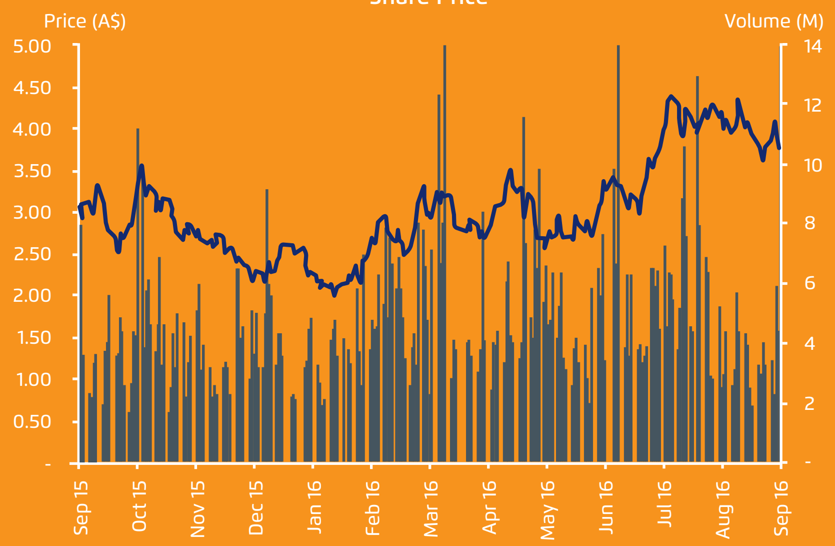
[1] See Notes to Glossary of Terms for definitions

IGO HISTORICAL PAYABLE METAL



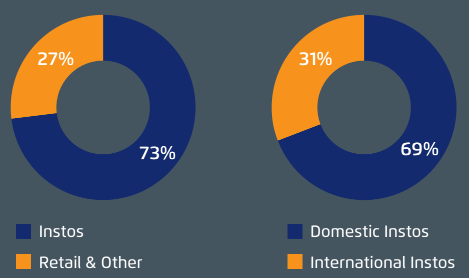
[1] Gold production at Tropicana commenced in FY14

Share Price



Share Ownership

Substantial Holders[1]		Institutional Ownership[1]	
Mark Creasy	17%	Australia	69%
Van Eck	11%	USA & Canada	18%
FIL Limited	10%	UK & Europe	3%
Ausbil	5%	Rest	10%



[1] As at 7 September 2016

Nickel

5th	nickel is the 5th most common element on earth but the majority is in the earth's core
65%	over the past ten years, global nickel output has increased by more than 65%
75%	a US 5 cent coin or "nickel" is made of 75% copper and 25% nickel
Ni	nickel is a major component of high energy density electric vehicle batteries

Copper

2nd	copper is the 2nd most conductive metal, - silver is 1st
50%	50% of world copper production is consumed by China
180kg	180kg of copper is contained in the average home's electrical wiring, pipes and appliances
81t	the Statue of Liberty is made from 81t of copper

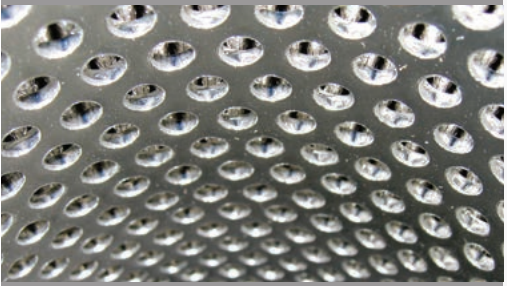
Nova

5.53km	mine development to June 2016
114km	electrical wiring in the mill
18.75km	piping on the project
314	maximum number of people on site during construction in FY16

Gold

57%	57% of 2015 global gold production was used in production of jewellery
26%	26% of 2015 global gold production was from recycling
9.72oz	a tonne of iPhone 5S contains 9.72oz of gold or has a grade of 302g/t
97km	a single ounce of gold can be drawn into a wire 97km long

Zinc



4th	4th most widely consumed metal in the world after iron, aluminium and copper
2-4mg	adults have an average of 2-4mg of zinc in their bodies
50%	50% of zinc is used for galvanising
23%	Judean brass from the 14th to 10th centuries BC contains 23% zinc

Tropicana

930	exploration holes drilled for 137,495m (both RC & diamond) in FY16
58.8Mt	ore and waste mined in FY16
79,124	blast holes drilled in FY16
263,192	truck cycles in FY16

CHAIRMAN AND CEO's MESSAGE

On behalf of the Board of Directors, we are pleased to present you with the Company's 2016 Annual Report.

FY16 year has been an exciting but challenging year. We completed the acquisition of the Nova Project and fully integrated Nova into the IGO Group; we progressed the construction and development of Nova, on time and on budget, with first production of concentrate expected in December 2016; we invested at Tropicana to expand capacity and to unlock additional resource potential to extend mine life; we managed our 100% owned activities at Jaguar and Long to generate positive cash flow during a period of significant commodity price volatility; and we continued to strengthen the Company's management team and systems and processes to meet the needs of an expanding business.

Commodity prices are cyclical and gold and base metals prices can fluctuate to different or inversely related cycles. We experienced this in FY16 with weakness in copper, zinc and nickel prices but benefited from strong gold and silver prices. The commodity price volatility experienced in FY16 demonstrates the benefit of IGO's strategy to be a diversified gold and base metals producer.

Looking forward, there are indications that base metal prices are recovering from cyclical lows and this potentially coincides with commencement of production at the Nova Project in December 2016. Nova not only significantly grows the size of our business, but increases our exposure to base metals and positions IGO to reap the rewards of strengthening base metals prices.

It is important to note that there are very few mining developments that are delivered on time and on budget. Delivering this at Nova will be a result of the calibre and outstanding efforts of our employees and of the contractors engaged on the Project.

In other parts of the business, we had good production results from our 30% interest in the AngloGold Ashanti operated Tropicana Gold Mine, and IGO's Long and Jaguar Operations.

At Tropicana, gold production and cash costs in the first half of FY16 benefited from the continuation of our grade streaming strategy. The grade streaming strategy was developed in the Tropicana feasibility study to maximise early returns from the mine. The strategy was based on mining more ore than required for the processing plant thereby allowing higher grade ore to be preferentially processed and low grade ore to be stockpiled.

Whilst this was a sound strategy, this arrangement could not be sustained indefinitely. Consequently, we discontinued the grade streaming strategy in December 2015 and since then have only mined enough ore, at the average reserve grade of 2g/t, to meet the requirements of the processing plant. As a result, gold production in the second half of FY16 was lower and, with a relatively fixed cost structure for the mine, cash costs per ounce were higher.

We have also made significant investments in Tropicana in FY16. Firstly, we invested to expand processing capacity from the name plate 5.8Mtpa to 7.5Mtpa. At year end, this work was nearing completion and is expected to be completed by September 2016. The second area of investment was in near mine exploration and drilling to unlock additional potential resources close to the four existing pits which extend over a strike length of 5km. The first phase of this drilling is complete and we expect updated resource and reserve estimates in FY17.

Our employees at Jaguar and Long delivered outstanding outcomes in FY16 with improved productivity and cost control in response to the challenges presented by declining metal prices.

At Jaguar, we responded to this challenge with a focus on productivity and operational consistency to maximise production. As a result we achieved record mined and processed tonnes. At Long, we responded by restructuring the mine to focus on the lowest cost mining methods. This resulted in less nickel production year on year but at a lower overall cash cost and a higher operating margin.

Although we scaled back our brownfields and greenfields exploration expenditure in FY16 to prioritise investment dollars to the development of Nova and the expansions and mine life extension work at Tropicana, we advanced exploration initiatives on several fronts.

At Jaguar we infill drilled mineral resources at depth in the Flying Spur and Arnage lenses to convert these to reserves and extend mine life. We also progressed drilling of the Triumph discovery and target generation elsewhere on the 50km long corridor on our Jaguar concession that is prospective for VMS deposits. At Long, we temporarily discontinued exploration in December 2015 and expect to recommence exploration in FY17.

On our greenfields projects at Bryah Basin in Western Australia, Fraser Range – Tropicana in Western Australia, and Lake Mackay in the Northern Territory, we continued belt scale early exploration programs targeting gold and base metals discoveries.

In the last twelve months we have achieved much. We have consistently delivered financial and production performance broadly within, or better than, guidance. We have achieved this whilst also improving the capacity and effectiveness of our team and business processes.

These achievements are only possible through the dedication and high performance of our employees and through the support and contributions of our stakeholders, of which there are many. IGO stakeholders include our shareholders, staff and contractors, the government and our regulators, our host communities, our Traditional Owners and the public in general. We take this opportunity to thank our employees and stakeholders for their contributions and or support of IGO.

Our business has grown during FY16 and this has created opportunities for our existing employees. Today we have people working at the Nova Project who have transferred from our Jaguar and Long Operations and from our Corporate office. In addition, people from Sirius are now in key positions across the IGO business, at our Jaguar Operation, at our Nova Project and in our exploration and corporate teams. There have also been opportunities to attract new employees who bring with them new and diverse skills sets, capabilities and experiences, all of which helps to make IGO stronger.

Peter Bilbe
Chairman

Peter Bradford
Managing Director and
Chief Executive Officer

IGO's strategy is to be a diversified mining company that delivers superior returns for all stakeholders

BOARD PROFILE

Peter Bilbe (66)
B.Eng. (Mining) (Hons), MAusIMM

Non-executive Chairman

Term of Office

Mr. Bilbe was appointed as Non-executive Director in March 2009 and Non-executive Chairman in July 2011.

Experience

Mr. Bilbe is Chair of the Nomination Committee and a member of the Audit Committee, Remuneration Committee and Sustainability & Risk Committee.

Mr. Bilbe is a mining engineer with 40 years' Australian and international mining experience in gold, base metals and iron ore at the operational, managerial and board levels. Mr. Bilbe has held senior positions at Northern Iron, Norseman Gold Mines, Mount Gibson, Aztec Resources, Portman, Aurora Gold and Kalgoorlie Consolidated Gold Mines.

Other current directorships:

Intermin Resources Limited.

Former directorships in the last 3 years:

Northern Iron Limited and Sihayo Gold Limited.

Peter Bradford (58)
B.AppSc., FAusIMM, MSMME

Managing Director and Chief Executive Officer

Term of Office

Mr. Bradford was appointed as Managing Director and Chief Executive Officer in March 2014.

Experience

Mr. Bradford is a member of the Sustainability & Risk Committee and Nomination Committee.

Mr. Bradford is a senior executive and a qualified metallurgist with over 35 years' experience in gold and base metals mining operations, exploration and development. Mr. Bradford has held senior positions internationally and within Australia with Ashanti Goldfields (and Golden Shamrock Mines), Golden Star Resources, Anvil Mining, Copperbelt Minerals and PMI Gold.

Mr. Bradford is also a council member of the Association of Mining and Exploration Companies Inc (AMEC).

Other current directorships:

None

Former directorships in the last 3 years:

Asanko Gold Inc.

Geoffrey Clifford (66)
B.Bus., FCPA, FGIA, FAICD

Non-executive Director

Term of Office

Mr. Clifford was appointed as Non-executive Director in December 2012.

Experience

Mr. Clifford is Chair of the Audit Committee and a member of the Nomination Committee, Remuneration Committee and Sustainability & Risk Committee.

Mr. Clifford has more than 35 years' experience in senior accounting, finance, administration and company secretarial roles in the mining, retail and wholesale industries. Mr. Clifford has held non-executive directorships at Centaurus Metals, Fox Resources, Aztec Resources, and Atlas Iron. From 2008 until 2011 he was non-executive chairman of Atlas Iron. Mr. Clifford was Company Secretary and GM Admin of Portman Limited from 1997 to 2005.

Other current directorships:

Saracen Mineral Holdings (non-executive chairman).

Former directorships in the last 3 years:

None

Keith Spence (62)
BSc. (Geophysics) (Hons)

Non-executive Director

Term of Office

Mr. Spence was appointed as Non-executive Director in December 2014.

Experience

Mr. Spence is Chair of the Sustainability & Risk Committee and a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr. Spence has over 30 years' experience in the oil and gas industry including 18 years with Shell and 14 years with Woodside where during that time he held executive positions including chief operating officer and acting chief executive officer.

Mr. Spence chairs the Board of the National Offshore Petroleum Safety and Environmental Management Authority and the Industry Advisory Board of the Australian Centre for Energy and Process Training.

Other current directorships:

Geodynamics Limited and Base Resources Limited (non-executive chairman), Oil Search Limited and Murray & Roberts Holdings Limited.

Former directorships in the last 3 years:

Clough Limited (non-executive chairman).

Peter Buck (67)
M.Sc. (Geology), MAusIMM

Non-executive Director

Term of Office

Mr. Buck was appointed as Non-executive Director in October 2014.

Experience

Mr. Buck is Chair of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Sustainability & Risk Committee.

Mr. Buck is a geologist with over 40 years' experience in the mineral exploration and mining industry and was directly involved with the discovery and development of a number of mineral deposits in Australia, Africa and Brazil. Mr. Buck has worked with WMC Resources, Forrestania Gold and LionOre in executive management and director positions, and was managing director of Breakaway Resources. He has been a non-executive director of Gallery Gold Ltd and PMI Gold.

Mr. Buck is also a board member of the Centre for Exploration Targeting at the University of Western Australia and Curtin University.

Other current directorships:

Antipa Minerals Limited.

Former directorships in the last 3 years:

None

Neil Warburton (60)
Assoc. MinEng WASM, MAusIMM, FAICD

Non-executive Director

Term of Office

Mr. Warburton was appointed as Non-executive Director in October 2015.

Experience

Mr. Warburton is a member of the Audit Committee, Sustainability & Risk Committee, Nomination Committee and Remuneration Committee.

Mr. Warburton is a qualified mining engineer with more than 35 years' experience in gold and nickel development and mining. He has previously held senior executive positions with Barminco Limited and Coolgardie Gold.

Other current directorships:

Australian Mines Limited and Namibian Copper Limited.

Former directorships in the last 3 years:

Sirius Resources NL, Peninsular Energy Limited and Red Mountain Mining Ltd (non-executive chairman).





SAFETY

IGO had no fatalities or serious disabling injuries during FY16, however there was one serious injury wherein a contractor broke his leg whilst unhitching a truck trailer; an injury that required many months of recuperation. In addition, there were 33 injuries that required medical treatment, time off work or resulted in people being assigned to alternate duties (18 in FY15).

IGO's lost-time injury frequency rate (LTIFR) for FY16 was 3.90 injuries per million hours worked by IGO employees and contractors. These results are higher than the most recently published averages for the Western Australian gold mining and nickel mining sectors which have a reported LTIFR of 2.5 and 3.3 respectively. Tropicana's LTIFR, which is not included in IGO's statistics, was 1.0.

IGO acknowledges that the significant injuries were painful and caused distress to the injured people, their workmates and their families. IGO is not satisfied with its overall safety performance. IGO's clear objective is to improve, with the goal of causing no harm to our employees.

For further information on IGO's safety performance and improvement programs, please refer to the 2016 Sustainability Report, which can be found on the IGO website at www.igo.com.au.

For further information on IGO's safety performance and improvement programs, please refer to the 2016 Sustainability Report

OUR PEOPLE

FY16 has been a transformational year for IGO and our people have been integral to the successful implementation of our strategy. We remain a proud Western Australian employer, employing 357 direct employees, across all phases of the mining cycle, across five business units.

We believe that a key factor in our success and transformation this year, to build a stronger and sustainable IGO, is in our continued creation of a strong culture characterised by our people and "The IGO Way". The IGO Way is our point of difference, it is what makes us who we are, it is at the heart of all that we do and creates in our people a sense of pride that they are part of the IGO team.

BUILDING OUR TEAMS

In early FY16, we completed the integration of the Nova Project, including the successful assimilation of site based and support functions into a number of our teams. In completing this integration we were particularly proud of the way in which our people worked together to accomplish the successful business alignment. In FY17, we will continue to build the Nova team in preparation for first production and as a foundation for our future.

In other parts of the organisation, a key focus is the development of systems and processes to expand the skills and experience of our employees. This work, along with initiatives to develop and support excellence in leadership, will continue to build a motivated and engaged team and will drive achievement of our business objectives and shareholder value.

INCREASING OUR DIVERSITY

IGO is an equal opportunity employer, with a continued commitment to providing a work environment that is both diverse and inclusive, and a single-mindedness about ensuring that we have the "right people, in the right roles, at the right time".

This year, we have worked hard to increase diversity within our business units with a particular focus on the mix of new employees commencing with the organisation and a specific emphasis on gender and indigenous diversity.

At the end of FY16, our overall female participation rate was 21.9%, an increase of 5.0% from the previous year (2015: 16.9%). This improvement has largely been accomplished by an increased focus on, and enhancement of, our recruitment and selection processes, and is an achievement that we are proud of. We have also conducted and posted our third Workplace Gender Equality Report which is located on the IGO website at www.igo.com.au.

During the year, we have also had an increased emphasis on indigenous employment which began with, and has been facilitated by, the implementation of our Aboriginal Employment and Business Standard. This Standard is a clear statement of our commitment to support pathways to employment and the creation of real employment and business opportunities for Aboriginal people, many of whom are Traditional Owners on the lands on which IGO operates. Since the implementation of the Standard, we have made good progress on increasing Aboriginal employment and providing training for roles with both IGO and our major contractors. As our Nova Project has grown, we have created a number of new indigenous jobs and 15 traineeships and will expand this commitment in FY17 to include work readiness programs and a number of apprenticeships.

Employment of an Aboriginal Liaison Officer at our Nova Project has been another important step in increasing the support and engagement of our Aboriginal employees and contractors at the Nova Project. During FY17, this role will continue to work with our business leaders to identify opportunities for employment and development, to build capacity, and to support our local communities.

LEADING OUR FUTURE

In FY16, IGO has continued to support the industry in which we work and to build our talent pipeline with an ongoing commitment to the employment of graduates, vacation students and apprentices across the organisation. In FY16, we employed seven new graduates in the disciplines of Geology, Mining Engineering, Finance, Metallurgy and Occupational Health and Safety, taking our total graduate cohort to ten. We also invested time in the restructure of our two year graduate program (including our shorter vacation program) to achieve a more structured approach to learning and development outcomes for new and existing graduates.

In FY17, we will continue our graduate and vacation programs and intend to take in ten vacation students in November 2016 and an additional five new graduates and a number of apprentices in early 2017. We will also continue to be proud supporters of our local universities, their alumni associations and the student chapters of industry organisations such as AusIMM.

We were excited to work in collaboration with the Western Australian Mining Club (WAMC), to provide support for a tertiary student in the form of a Geology Scholarship which was awarded in August 2015. Following this success, we have continued the commitment in 2016 again sponsoring a Geology Scholarship and have expanded our support to an additional WAMC Indigenous Scholarship to assist an indigenous student in the completion of their degree.

The 2016 financial year was an incredibly exciting year. We look forward to the 2017 financial year and to being part of the remarkable things that our people achieve together.

SUSTAINABILITY

IGO is intent on building a diversified mining company that delivers superior returns for all of our stakeholders. We are pleased to report IGO has completed its second Sustainability Report for the FY16 reporting period. This report can be found on our website at www.igo.com.au.

IGO has improved the sustainability of our business through the addition of Nova to our portfolio. However, we have also improved the sustainability of our business through a focus on aligning our leadership and improving our business processes. In essence, we care about results, but we also care about how they are achieved. Leaders, and in particular front-line leaders, define a business culture. IGO has completed, or commenced, a range of activities to align our leadership, from front-line supervisor upwards, on our mission, vision and values, and the manner in which they inform our strategic planning and the way in which this plan is delivered upon.

The success of each element of our business has been, and continues to be, dependent on the support and contributions of our stakeholders, of which there are many. IGO stakeholders include our shareholders, staff and contractors, the government and our regulators, our host communities, our Traditional Owners and the public in general. One way or another, each affects our capacity, and our licence to operate. In turn, IGO demonstrably operates in a manner that creates economic benefit, not just for our shareholders, but also for the broader community. We are intent on creating a business that serves the communities in which we operate whilst limiting our environmental impacts. This aspiration is based on IGO's publicly stated values, among which sustainability is our primary focus.

To this end, IGO continues its efforts to create a business culture that genuinely reflects these aspirations.

IGO has also improved a broad range of business processes related to governance, occupational health and safety management, environmental management, community engagement and Traditional Owner participation. Importantly, IGO has established a set of universal safety standards that define our minimum process and outcome expectations; expectations that go beyond simple statutory compliance.

IGO is pleased to note that we completed another year without any significant environmental incident. IGO has seen a steady decrease in the number of workplace injuries; a good result but not a great result. In FY16, IGO had three serious injuries whereby the injured persons each lost more than ten work days in recuperation. Additionally, we continue to see high numbers of potentially serious incidents. We continue to see encouraging results in our drive to increase the diversity of our workplaces, particularly in terms of Aboriginal participation. We continue to support a range of community projects through our corporate giving program.

Both our success to date and the self-evident need for further improvement provides the ongoing impetus to pursue our sustainability improvement programs. We welcome your feedback on IGO's Sustainability Report so that we can continue to improve our performance and strengthen our stakeholder engagement.

CORPORATE GOVERNANCE

The Board of Directors of IGO is responsible for the Company's corporate governance and recognises the importance of its corporate governance framework in establishing accountabilities, guiding and regulating activities, monitoring and managing risks and optimising the Company's performance. The Board recognises the need to regularly review its system of corporate governance as best practice evolves over time.

The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Principles and Recommendations contained in the ASX Corporate Governance Council's 3rd Edition of its Corporate Governance Principles and Recommendations (ASX Recommendations). During FY16, the Company's corporate governance practices have complied with the ASX Recommendations in their entirety.

The Company's Corporate Governance Statement outlines the Company's current corporate governance framework, by reference to the ASX Recommendations. This statement can be found in the Governance section of IGO's website at http://www.igo.com.au/irm/content/governance.aspx?RID=295, along with the ASX Appendix 4G, a checklist cross-referencing the ASX Recommendations to disclosures in the Corporate Governance Statement, the current Annual Report and the Company website.

The Company reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and best practice. The following corporate governance codes, charters, standards and guidelines can be found on IGO's website www.igo.com.au.

Code of Conduct

Corporate Control Standard

Diversity and Equal Employment Opportunity Standard

Information and Technology Usage and Electronic Communications Standard

Privacy Standard

Social Media Standard

Whistleblower Standard

Continuous Disclosure and Information Standard

Dealing in Securities Standard

Anti-Bribery and Corruption Standard

Board Charter

Audit Committee Charter

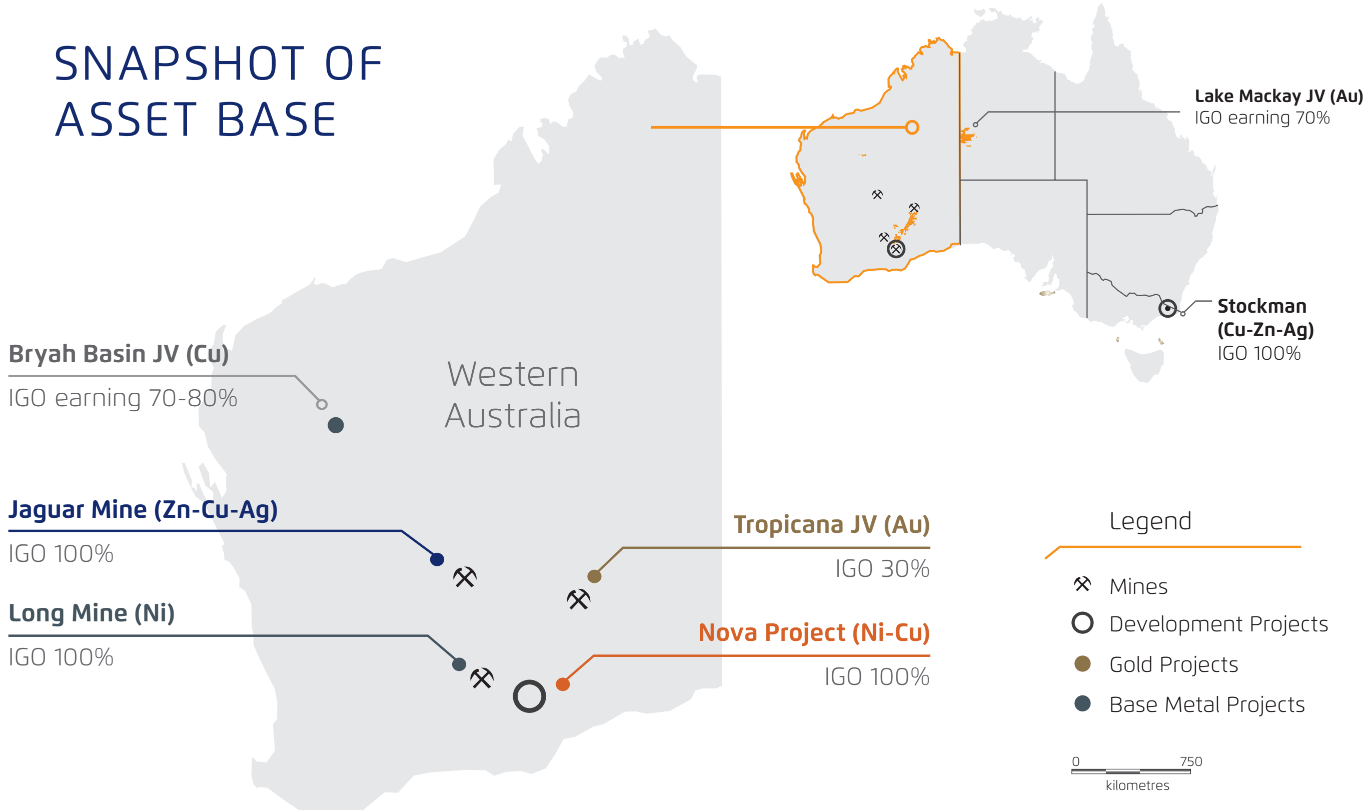
Sustainability and Risk Committee Charter

Remuneration Committee Charter

Nomination Committee Charter

The Company reviews and amends its corporate governance policies as appropriate to reflect the growth of the Company, current legislation and best practice

SNAPSHOT OF ASSET BASE



Tropicana JV (30%)	Au
Long mine life with potential to increase	
Status	Producing
Est. Mine Life	7+ years
Est. cash cost (FY17)	$850 – $950/oz [1]
Current Resources [2]	2.2Moz Au (IGO share)
Estimated production (FY17)	117koz – 129koz Au pa (IGO share)
Growth potential	Plant capacity increase from 5.8 to 7.5Mtpa complete H1FY17 Long Island open pit study to complete in H1FY17 Underground potential Expansion potential Large tenement package Regional exploration upside

Long	Ni
Cash flow positive throughout nickel cycle	
Status	Producing
Est. Mine Life	2 years
Est. cash cost (FY17)	$3.50 – $3.90/lb [1]
Current Resources [2]	59,700t Ni
Estimated production (FY17)	7,400 – 8,200t Ni
Growth potential	In mine exploration opportunities under review

Nova	Ni, Cu
World-class development project	
Status	Under construction
Est. Mine Life	10+ years
Est. cash cost	FY17: $4.00 – $4.50/lb [1] FY18: $1.50 – $2.00/lb
Current Resources [2]	325,000 Ni t 134,000 Cu t
Estimated production	FY17: 9,000 – 10,000t Ni FY18: 27,000 – 30,000t Ni
Growth potential	In-mine exploration and resource extensions Regional exploration opportunities

Jaguar	Zn, Cu, Ag
Restructured management, significant exploration potential	
Status	Producing
Est. Mine Life	3+ years
Est. cash cost (FY17)	$0.70 – $0.80/lb Zn [1]
Current Resources [2]	256,000t Zn 51,000t Cu 13.1 Moz Ag
Estimated production (FY17)	39,000 – 43,000t Zn 4,600 – 5,100t Cu 0.4 – 0.5 Moz Ag
Growth potential	Bentley deeps remains open Potential VMS clusters

Projects/Exploration Opportunities	
Stockman (Cu, Zn, Ag, Au)	Final permitting process Considering strategic ownership options Resource 294,000 Cu t, 598,0000 Zn t, 17.0Moz Ag, 0.4Moz Au [2]
Fraser Range Project & Salt Creek JV (Ni, Cu) (70%)	Regional geochemical sampling, moving loop electromagnetic surveying and/or drilling Aircore programs identified anomalous results requiring additional exploration
Lake Mackay (Gold/Base metals) (70%)	Unlocking new underexplored mineral province Drilling at Bumblebee has confirmed proof of concept
Bryah Basin (Cu, Au) (70%)	Follow up drilling of targets within a 2km strike of previously delineated zone of geochemical anomalism and electromagnetic conductors
De Beers Database	Unique sample database

1. For further information see ASX release 27 July 2016 - June 2016 Quarterly Activities Report and Presentation
2. Resources shown are inclusive of Reserves, for further information on Mineral Resources and Ore Reserves please refer to IGO's 2016 Resources and Reserves Statement, as released to the ASX, which is available on the IGO website.

OPERATIONAL SCORECARD AND OUTLOOK

FY17 GUIDANCE (Compared to FY16 guidance and performance)

Mining Operation	Units	FY16 Guidance Range[1]	FY16 Results	FY17 Guidance Range
Tropicana (IGO 30%)				
Gold produced (100% basis)	oz	430,000 to 470,000	448,116	390,000 to 430,000
Gold (IGO's 30% share)	oz	129,000 to 141,000	134,435	117,000 to 129,000[2]
Cash cost	A$/oz Au	680 to 750	730	850 to 950
All-in Sustaining Costs	A$/oz Au	900 to 950	918	1,150 to 1,250
Sustaining capex	A$M	14 to 16	6.4	2 to 3
Improvement capex	A$M	See Note 4	5.9	2 to 3
Capitalised waste stripping	A$M	18 to 20	16.1	29 to 36
Exploration expenditure	A$M	9 to 11	7.6	6 to 8
Long				
Nickel (contained metal)	tonnes	8,500 to 9,000	8,483	7,400 to 8,200
Cash cost (payable)	A$/lb Ni	3.50 to 4.00	3.68	3.50 to 3.90
Sustaining capex	A$M	2 to 3	1.7	1
Exploration expenditure	A$M	8 to 9	7.1	2 to 3
Jaguar				
Zinc in concentrate	tonnes	38,000 to 40,000	39,335	39,000 to 43,000
Copper in concentrate	tonnes	6,500 to 7,000	7,412	4,600 to 5,100
Cash cost (payable)	A$/lb Zn	0.60 to 0.70	0.53	0.70 to 0.80
Sustaining capex	A$M	2 to 3	1.8	8 to 9
Development capex	A$M	11 to 13	12.8	12 to 13
Exploration expenditure	A$M	9 to 10	8.9	3 to 4
Nova				
Nickel in concentrate	tonnes			9,000 to 10,000
Copper in concentrate	tonnes			3,900 to 4,400
Cash cost (payable)	A$/lb Ni			4.00 to 4.50[3]
Capital Build capex (cash basis)	A$M		242	140 to 150
Sustaining capex	A$M			3 to 5
Development capex	A$M			22 to 25
Exploration expenditure	A$M			3.5 to 4.5
Greenfields & generative	A$M	6 to 8	6	11 to 15

1. As restated in the March 2016 Quarterly Report
2. Total gold hedging in FY17 represents 70% of guidance production including 72,600 ounces at A$1,641/oz
3. Nova cash cost guidance for FY17 is indicative of the period of ramp-up following plant commissioning
4. Improvement capex included in Sustaining capex for FY16 Guidance Range

Grade streaming completed in December 2015. Mill throughput expansion commenced increasing processing rates from 5.8Mtpa to 7.5Mtpa

IGO's attributable gold production during FY16 was 134,435oz

TROPICANA

448,116oz

of gold (100% basis) was produced during FY16

Location
370km north-east of Kalgoorlie

Product
Gold

Mining
Owner operated underground mine

Processing method
Conventional crushing, grinding and CIL (carbon in leach)

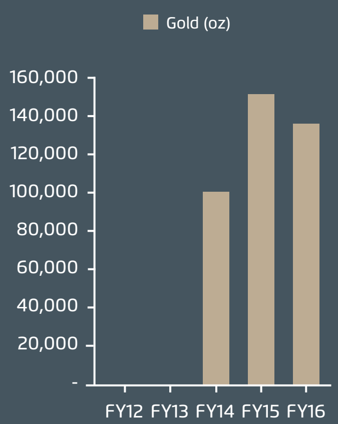
FY16 Production
448,116oz (100%)

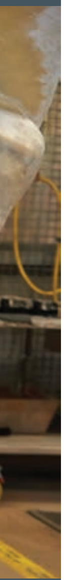
Resources
7.48Moz (100%)[1]

Reserves
2.41Moz (100%)[1]

Sales
To a combination of the Perth Mint and financial institutions via forward sales contracts.

[1] See Resources and Reserves section on pages 23-28 of this report





OPERATIONS - TROPICANA GOLD MINE

IGO 30%, ANGLOGOLD ASHANTI 70% (MANAGER)

BACKGROUND

IGO targeted and pegged the area containing the current gold reserves in 2001. AngloGold Ashanti farmed into the project in 2002, discovering the Tropicana, Havana and Boston Shaker gold deposits respectively in 2005, 2006 and 2010. Mining of the Havana deposit commenced in 2012 with the first gold being produced in September 2013. In October 2016, the Tropicana Gold Mine achieved its 1 million ounce milestone, in line with expectations outlined in the 2010 Bankable Feasibility Study.

FY16 PRODUCTION

Tropicana gold production for FY16 was in line with expectation at 448,116oz (on a 100% basis) and cash costs and All-in Sustaining Costs (AISC) were $730/oz produced and $918/oz sold respectively.

During the year, a total of 24.6M bank cubic metres of material were mined and hauled ex-pit. This material comprised of 7.3Mt of full grade ore (>0.6g/t), 1.2Mt of marginal ore (grading between 0.4 & 0.6g/t Au) and 50.3Mt of waste material. Full grade ore sources were the Havana Pit (4.47Mt), the Boston Shaker Pit (0.82Mt) and Tropicana (2.0Mt) with the average run-of-mine grade for full grade ore (>0.6g/t Au) being 2.13g/t Au for the year.

A total of 6.53Mt of ore at an average grade of 2.39g/t Au was processed during the year. Average metallurgical recovery was 89% for 448,116oz of gold produced.

The reduction in gold production for the year compared to the FY15 (496,413oz) is a result of the cessation of grade streaming in December 2015. Gold production is forecast to trend to long term guidance of 400,000oz/pa once expansion of the process plant to 7.5Mtpa is achieved.

ATTRIBUTABLE PRODUCTION

IGO's attributable gold production during FY16 was 134,435oz and IGO's attributable share of gold refined and sold was 135,864oz. IGO's attributable average cash costs for FY16 were $730/oz Au produced and AISC were $918/oz Au refined.

TROPICANA OPTIMISATION PROJECT

Business improvement initiatives within the mining operation include the implementation of priority road rules, which have improved mining costs and efficiencies by reducing haul truck stoppage time.

Optimisation and upgrade of the process plant due for completion in September 2016 is targeted to achieve a throughput rate of 7.5Mtpa. This project involves optimisation and upgrade of existing equipment including:-

- Upgrades to the conveyor systems in the secondary crushing, High Pressure Grinding Rolls (HPGR), and grinding circuits
- Optimising screens in the secondary and HPGR circuits
- Upgrade to the lime storage
- Upgrade to the oxygen plant
- Upgrade to the air water and elution systems
- Upgrade to the emergency fine ore stockpile
- Improved utilisation of the HPGR circuit

The progress of these works enabled the process plant to achieve an annualised rate of 6.88Mtpa in the June 2016 quarter at a 95% availability with May and June achieving an annualised rate of 7.3Mtpa.

GAS PIPELINE PROJECT UPDATE

The gas pipeline project including the installation of the gas fired generators is complete with the commissioning of the 17 gas fired generating units. Further cost savings resulting from this project will be achieved as site equipment requiring LNG as fuel is progressively upgraded to operate on natural gas.

LONG ISLAND STUDY

The Long Island study is looking at alternative lower cost mining methods to enable the mining of ore below the currently planned pits.

This approach is considering strip mining mine design techniques, more commonly used in the coal mining industry which has the effect of reducing haulage of waste as the open pit mining progresses at depth. The concept involves the existing Tropicana pit, once its resources are depleted, being backfilled with waste from the strip mining of the Havana, Havana South, and Boston Shaker ore zones. This approach would reduce waste removal costs as a result of in pit dumping of waste and shorter haul distances which would, in turn, facilitate the extension of mine life.

The study is supported by data from a substantial framework drilling program targeting extensions beneath and along strike of the existing pits completed during FY16.

OPERATIONS - LONG

Location
Kambalda, 60km south of Kalgoorlie

Product
High grade nickel

Mining
Owner operated underground mine

FY16 Production
8,493t contained nickel

Resources
59,700t contained nickel @ 4.7% nickel[1]

Reserves
13,600t contained nickel[1]

Sales
IGO has an agreement with BHPB, whereby the ore produced is delivered to the adjacent BHPB Nickel Concentrator for toll treatment and production of nickel concentrate. This offtake agreement expires in 2019.

[1] See Resources and Reserves section on pages 23-28 of this report

BACKGROUND

The Long Operation in Kambalda, WA was acquired from BHP Billiton Nickel West Pty Ltd (BHPB) (formerly WMC Resources Ltd) in September 2002. The mine was re-commissioned in October of that year and has been operating successfully and safely since then.

Since the acquisition, IGO has produced over 3.2Mt of nickel ore, containing approximately 124,600t of nickel metal. Over the period, exploration has seen the discovery of the McLeay (2005) and Moran (2008) ore bodies and historically enabled the operation to maintain a reserve base to support a two to three year mine life. The current life of mine plan supports the next 18 months.

FY16 PRODUCTION

Production for FY16 came from the Moran, McLeay, Victor South and Long ore bodies. Total production was 215,300t of ore (FY15 258,600t) at an average grade of 3.9% nickel for 8,493t of contained nickel.

BUSINESS IMPROVEMENT

In response to low nickel prices, the Long business plan was reviewed in late 2015 and a new business plan developed. The new plan ensures profitability and sustainability for the current life of mine plan at lower nickel prices. This has been achieved with a focus on mechanised bulk mining techniques and a reduction in working hours. Handheld airleg mining was ceased in January 2016.

By February 2016, the mine workforce was reduced to 65 personnel, approximately half the size at the beginning of the financial year. The current mine workforce comprises 89% locally employed personnel working nine operating days per fortnight, with two crews. Additional cost savings have been achieved by surplus assets being made available for inter-IGO Operations transfer, or sale.

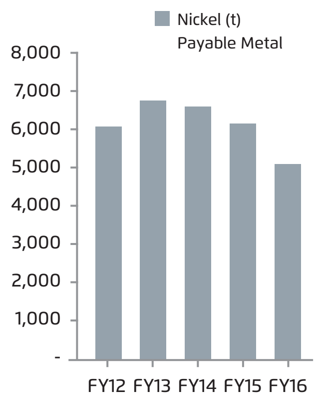
In order to minimise expenditure, and as part of the revision, mine development was reduced in FY16 resulting in 1,007m of advance compared with 2,882m in the FY15 year.

A high degree of focus remains on mine induced and regional seismicity which remains an inherent risk within the Long Operation. Procedures to manage these conditions are well understood by the Long mining team and built into standard operating procedures.

NEAR MINE EXPLORATION

Drilling that targeted potential resource extensions at Moran South and McLeay South were ceased in December 2015, in line with the updated business plan which focused on the most profitable parts of the mine. No new resources or reserves were developed at Moran South or McLeay South.

Successfully transitioned to new mine operating plan in H2FY16



OPERATIONS - JAGUAR

Location
300km north of Kalgoorlie, 60km north of Leonora

Product
Copper concentrate with significant silver credits and minor gold credits, zinc concentrate with minor silver credits

Mining
Owner operated underground mine

Processing
Single stage crushing, SAG/Ball milling, differential flotation and filtration

FY16 Production
39,335t Zn, 7,412t Cu, 1,603,565oz Ag, 4,880oz Au contained in 112,711t of concentrate.

Resources
2,107,000t at 10.3% Zn, 1.2% Cu, 157g/t Ag, 1.0g/t Au[1]

Reserves
1,438,000t at 9.5% Zn, 1.1% Cu, 145g/t Ag, 0.8g/t Au[1]

Sales
During FY16, IGO had an offtake agreement with MRI Trading AG

[1] See Resources and Reserves section on pages 23-28 of this report

BACKGROUND

IGO acquired the Jaguar operations from Jabiru Metals in 2011. At that point it comprised the Jaguar and Bentley underground mines. In FY14, the Jaguar mine was closed.

In FY16, all ore was sourced from the Bentley mine and processed through the Jaguar concentrator to produce a copper concentrate rich in silver and gold credits, plus a high grade zinc concentrate.

FY16 PRODUCTION

A total of 497,751t (FY15 485,302t) of ore at 8.98% Zn, 1.77% Cu, 131g/t Ag and 0.77g/t Au was mined from the Bentley underground mine, predominantly from the Arnage and Comet lenses. Advancement of 2,539m of capital development was undertaken.

The processing facility treated 505,578t of ore at 8.90% Zn, 1.70% Cu, 128g/t Ag, 0.75g/t Au (FY15 488,466t @ 10.5% Zn, 1.75% Cu, 156g/t Ag).

Metal production was 39,335t Zn (FY15: 44,999t), 7,412t Cu (FY15: 7,380t), 1,603,565oz Ag (FY15: 1,876,384oz), 4,880oz Au (FY15: 4,439oz) in 112,711t (FY15: 122,029t) of concentrate.

The production of zinc was at the upper end of FY16 guidance and copper production exceeded restated FY16 guidance.

BUSINESS IMPROVEMENT

A key focus for Jaguar is the development of continuous improvement opportunities in all aspects of the operation. This focus has resulted in continued improvement in productivity over the last 1-2 years resulting in higher and more consistent production. Work in FY16 also focused on opportunities to reduce manning numbers and improve pricing on a number of supply and services contracts.

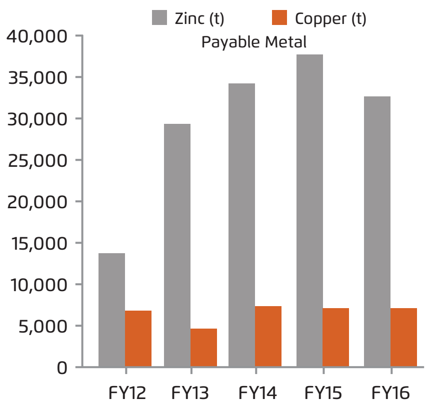
A second Jumbo was mobilised to site in June 2016 to commence the acceleration of capital development in the Arnage and Flying Spur lenses in Bentley and ensure consistency of future production rates.

Improvement works are being undertaken on the Jaguar processing facility in FY17 to further improve operational and maintenance efficiencies.

NEAR MINE EXPLORATION

In FY16 drilling at Bentley commenced from the hanging wall drill drive established in FY15 primarily for the conversion of inferred resources to indicated category and to drill test mineralisation extensions at depth. As a result, the conversion of Arnage and Flying Spur lenses from inferred to indicated category extended from 3820mRL in FY2015 to 3625mRL in FY16. In addition, the Arnage lens has extended 270m down dip from FY15 confirming the Arnage mineralisation is continuous to Bentley Deeps mineralisation drilled in FY15 to a depth of 1,000m below surface. Electromagnetic downhole geophysical surveys were conducted in FY16 and resulted in off hole conductors being identified to the south of Arnage lens. These conductors will be tested in early FY17 with further exploration drilling planned to test extensions of the Arnage and Flying Spur lenses below a depth of 1,000m from surface.

Record mining and milling rates achieved in the year



NOVA PROJECT - KEY MILESTONES

- **2012**
  - **Discovery** Jul 2012
- **2013**
  - **Maiden Resource** May 2013
  - **Scoping Study** Sep 2013
- **2014**
  - **Definitive Feasibility Study** Jul 2014
  - **Native Title Agreement & Mining Lease** Aug 2014
- **2015**
  - **Permitting & Construction commencement** Jan 2015
  - **IGO acquisition** Sep 2015
  - **Optimisation Study** Dec 2015
- **2016**
  - **Accelerated Bollinger Decline** July 2016
  - **Commissioning & first concentrate** Dec 2016

The Nova Project has progressed rapidly in 2016 which is a testament to the quality of the Project and the commitment of all stakeholders involved in the Project.

As at June 2016, the overall Project was 93% complete and was on schedule and on budget to produce first nickel and copper concentrates by December 2016 as planned.

Location
160km by road, east of Norseman

Product
Nickel and copper

Mining
Owner operated underground mine and process plant

Processing method
Conventional crushing, grinding, flotation and filtration

FY16 Production
n/a - in construction

Resources
325,000t contained nickel and 134,000t copper[1]

Reserves
275,000t contained nickel and 112,000t copper[1]

Sales
100% of nickel sulphide concentrate for first three years have been signed with BHP Billiton Nickel West Pty Ltd and Glencore International AG. 100% of copper sulphide concentrate for first three years has been signed with Trafigura Pte Ltd.

[1] See Resources and Reserves section on pages 23-28 of this report

OPERATIONS - NOVA PROJECT

FY17 will be both challenging and rewarding as we complete the construction phase, move through the commissioning phase and into full operations

BACKGROUND

The Nova discovery hole was drilled in July 2012 and a maiden resource was released some 12 months later in May 2013. The current JORC 2012 compliant Mineral Resource[1] is 14.3Mt 2.3%Ni, 0.9%Cu and 0.08%Co. The Definitive Feasibility Study, completed in July 2014, confirmed the robustness of the Project and development at Nova commenced on 26 January 2015. IGO acquired the Nova Project in September 2015 through the acquisition of Sirius Resources NL.

As at June 2016, the overall Project was 93% complete and was on schedule and on budget to produce first nickel and copper concentrates by December 2016 as planned.

CONSTRUCTION

Construction of the process plant and its associated infrastructure was 86% complete as at 30 June 2016 and was being progressed ahead of schedule. All major mechanical equipment was onsite with the focus on piping and electrical installation. It is expected commissioning will commence in the December 2016 quarter with first saleable concentrate produced in accordance with plan by December 2016.

Other sections of the Project completed to date include the 492 room accommodation village, the 38km sealed site access road, the sealed aerodrome (certified for jet aircraft), the central water treatment plant, the administration facilities, the heavy equipment workshop and associated fuelling and wash down facilities and the life of mine tailings facility.

Electric power for the Project is provided by Zenith Pacific under a Build Own Operate contract. Stage 1 of this power generation facility, consisting of three 1.7MW diesel generators, has been commissioned and is suppling reticulated power to all areas of the Project. Stage 2, consisting of five 3MW GE diesel generators, which are capable of operating on either gas or diesel in the future if required, will be commissioned during the September 2016 quarter.
To supplement power generation at Nova a 6.7MW solar farm is planned for installation later in FY17.

The Project is expected to be completed within the capital expenditure budget of $443M and, with the work completed to date, the risk of a capital cost overrun has largely been eliminated.

$443
million
Capital Budget

492
room
Accommodation Village

1st
Ore
June 2016

[1] See Resources and Reserves section on pages 23-28 of this report.




OPERATIONAL READINESS

During the latter part of FY16, emphasis was placed on developing operational readiness plans, with the ultimate goal of achieving a smooth transition from construction into operations. Plans are progressing well, with the recruitment of the senior operational management team now complete.

Priority has also been placed on the development and education of safe systems of work and management systems.

Training and recruitment of the operational workforce commenced mid-year and is planned for completion to coincide with the commissioning of the concentrator in the December 2016 quarter.

Underground development has proceeded as planned, with the focus on capital development to advance the infrastructure required to achieve sustainable production. For FY16, 5.5km of underground development was achieved.

The contract for the underground works was awarded to Barminco Holdings Limited and their performance to date has enabled mine development to remain ahead of the Feasibility Study plan. Delivery of first ore to the surface was announced in late June 2016 and work has continued on the development of the decline, stope access and infrastructure for ventilation dewatering and other service.

THE YEAR AHEAD

FY17 will be both challenging and rewarding as the construction phase is completed, followed by the commissioning phase and into full operations. Commissioning is expected to begin in earnest in the December 2016 quarter and for first concentrate to be produced in December 2016. Ramp up to full production is expected to be complete by June 2017.

The project is expected to be completed within the capital expenditure budget

REGIONAL EXPLORATION AND DEVELOPMENT

DISCOVERY

IGO is committed to transformational value creation through exploration discovery. The discovery portfolio includes both highly prospective brownfields opportunities and a number of unique belt-scale greenfields projects.

During the year, IGO rationalised and prioritised exploration activities across the Company with a focus on in-ground expenditures at Tropicana and Nova, along with three belt-scale opportunities, being the Fraser Range/ Tropicana Belt, Lake Mackay and Bryah Basin projects.

A number of encouraging milestones where achieved during the year with completion of the:

- Tropicana framework drilling as part of the Long Island study including the identified high-grade Havana south ore-shoot;
- Extensions to the Jaguar Operation life of mine through exploration of the Flying Spur and Arnage lens at Bentley;
- Advancement of exploration and consolidation of the Albany Fraser / Tropicana belts including delivery of anomalous results generated from the Salt Creek JV, supporting potential magmatic nickel sulphide mineralisation; and
- Multi-commodity mineralisation intersected at Lake Mackay, providing proof of concept from the early stage reconnaissance program.

The year ahead promises to be exciting with the platform in place for delivery of organic growth. IGO is committed to the investment of $25.5 to $33.0M for exploration across the portfolio. Some expected key milestones as part of the FY17 work program include:

- A focus on delivering additional value through both resource extensions and discovery of additional deposits at the Nova Project and on IGO's extensive ground position on the Albany Fraser / Tropicana Belt. This will be driven by our understanding of the Nova deposit and the evolution of the belt, including the commitment to world-leading embedded research programs. Technology will also play an important part, with the planned execution of a 3D seismic survey over the Nova deposit. We will also have underground drilling platforms in place to allow testing for potential repetitions to the Nova and Bollinger orebodies at depth.
- The completion of the Tropicana resource extension drilling program during FY16 will provide the framework to unlock the full potential of Tropicana as part of the Long Island study. The plan is the delivery of the Mineral Resource during the September 2016 quarter and the Long Island study in the December 2016 quarter. Exploration drilling will focus on improved definition and extension of the new Havana South high-grade ore shoot, along with continuation on the systematic regional exploration program.
- Exploration on the 50km of favourable mineralisation stratigraphy for VMS systems at Jaguar will continue through FY17 along with the recommencement of exploration at Long designed to continue to extend the life of mine.
- An extensive systematic reconnaissance exploration program is planned for the Lake Mackay Project. Exploration is at a very early stage over the extensive land package. Work programs which will be executed during FY17 include airborne magnetic survey, surface geophysics, soil sampling and drilling of high-priority targets.
- Work on the Bryah Basin Project, targeting a DeGrussa Cu-Au analogue will include drilling to follow-up several geochemical anomalies, along with extending effective testing of prospective stratigraphy over the eastern portion of the project.

The year ahead promises to be exciting with the platform in place for delivery of organic growth

MINERAL RESOURCES & ORE RESERVES

All Competent Persons statements for the following tables are incorporated in the JORC Code (2012) Competent Persons Statement section found on page 28.

Table 1: Nova Project – 30 June 2016 Mineral Resources (and 2015 comparison)

		Mineral Resources - June 2015							Mineral Resources - 30 June 2016						
		Tonnes	Grade			Contained Metal			Tonnes	Grade			Contained Metal		
Deposit	Classification	(Mt)	Ni (%)	Cu (%)	Co (%)	Ni (kt)	Cu (kt)	Co (kt)	(Mt)	Ni (%)	Cu (%)	Co (%)	Ni (kt)	Cu (kt)	Co (kt)
Nova	Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	9.1	2.5	1.0	0.08	230	94	7.3	9.1	2.5	1.0	0.08	230	94	7.3
	Inferred	1.0	1.4	0.6	0.05	14	6	0.5	1.0	1.4	0.6	0.05	14	6	0.5
	Sub-total	10.1	2.4	1.0	0.08	244	100	7.7	10.1	2.4	1.0	0.08	244	100	7.7
Bollinger	Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	2.4	2.7	1.1	0.11	64	26	2.6	2.4	2.7	1.1	0.11	64	26	2.6
	Inferred	1.8	1.0	0.4	0.04	17	8	0.7	1.8	1.0	0.4	0.04	17	8	0.7
	Sub-total	4.2	2.0	0.8	0.08	82	34	3.3	4.2	2.0	0.8	0.08	82	34	3.3
	Stockpile	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL		14.3	2.3	0.9	0.08	325	134	11.0	14.3	2.3	0.9	0.08	325	134	11.0

Notes:

1. Mineral Resources are reported above a 0.6% nickel equivalent cut-off grade which is calculated as NiEq% = ((Cu % x 0.95) x ($7,655/$16,408)) + (Ni % x 0.89).
2. As at 30 June 2016 the resource broken stocks was not material to the Mineral Resource with an estimated 11.8kt at 0.88% Ni, 0.55% Cu and 0.03% Co stockpile.
3. There is no change to the Mineral Resources from June 2015 to June 2016, with no drilling completed nor changes to the understanding of the geological controls.
4. Mineral Resources are inclusive of Ore Reserves.
5. No depletion has occurred during the period.
6. Ore tonnes have been rounded to the nearest hundred thousand tonnes.
7. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
8. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 2: Nova Project – 30 June 2016 Ore Reserves (and 2015 comparison)

		Ore Reserves - December 2015							Ore Reserves - 30 June 2016						
		Tonnes	Grade			Contained Metal			Tonnes	Grade			Contained Metal		
Deposit	Classification	(Mt)	Ni (%)	Cu (%)	Co (%)	Ni (kt)	Cu (kt)	Co (kt)	(Mt)	Ni (%)	Cu (%)	Co (%)	Ni (kt)	Cu (kt)	Co (kt)
Bollinger	Proven														
	Probable	2.7	2.2	0.9	0.09	59	24	2	2.7	2.2	0.9	0.09	59	24	2
	Sub-Total	2.7	2.2	0.9	0.09	59	24	2	2.7	2.2	0.9	0.09	59	24	2
Nova	Proven														
	Probable	10.9	2.0	0.8	0.06	216	89	7	10.9	2.0	0.8	0.06	216	89	7
	Sub-Total	10.9	2.0	0.8	0.06	216	89	7	10.9	2.0	0.8	0.06	216	89	7
	Stockpile	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL		13.6	2.0	0.8	0.07	275	112	9	13.6	2.0	0.8	0.07	275	112	9

Notes:

1. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
2. As at 30 June 2016 the Ore Reserves broken stocks was not material to the Ore Reserve with an estimated 9.3kt at 0.99% Ni, 0.62% Cu and 0.03% Co stockpile.
3. A Net Smelter Return (NSR) cut-off value of $64/t of stope ore has been used in the evaluation of the Ore Reserve, which includes mining and G&A operating costs. Processing costs are captured as a variable to the NSR block value.
4. There is no change to the December 2015 Ore Reserve as the project is still under construction and no new significant information is available as of 30 June 2016.
5. Minor Ore reserves are now broken stocks on the ROM pad but as yet have not been reconciled through processing and sampling.
6. Sub-level open-stoping with paste backfill is the primary method of mining to be used at Nova.
7. The Ore Reserve has been estimated as part of the Optimisation Study completed by IGO December 2015.
8. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 3: Tropicana Gold Mine -100% basis (IGO 30%) – 30 June 2016 Mineral Resources (and 2015 comparison)

		Mineral Resources - 30 June 2015			Mineral Resources - 30 June 2016		
		Tonnes	Grade	Contained Metal	Tonnes	Grade	Contained Metal
	Classification	(Mt)	Au (g/t)	Au (Moz)	(Mt)	Au (g/t)	Au (Moz)
Open Pit	Measured	12.8	2.09	0.86	10.9	1.91	0.67
	Indicated	75.3	1.85	4.47	78.3	1.71	4.32
	Inferred	5.8	2.54	0.48	4.4	2.23	0.32
	Sub-Total	93.9	1.92	5.80	93.7	1.76	5.30
Underground	Measured	-	-	-	-	-	-
	Indicated	2.4	3.58	0.27	5.4	3.36	0.59
	Inferred	5.8	3.14	0.59	12.1	3.13	1.22
	Sub-Total	8.2	3.26	0.86	17.6	3.20	1.81
Stockpiles	Measured	13.6	0.87	0.38	13.6	0.85	0.37
Total Tropicana	Measured	26.4	1.46	1.24	24.5	1.32	1.04
	Indicated	77.7	1.90	4.74	83.8	1.82	4.90
	Inferred	11.7	2.84	1.06	16.6	2.89	1.54
GRAND TOTAL		115.7	1.89	7.04	124.8	1.86	7.48

Notes:

1. The open pit Mineral Resource is reported at a 0.3g/t Au cut-off for oxide material and a 0.4g/t Au cut-off for transitional and fresh material, constrained within an a US$1,400/oz Au (A$1,817/oz Au) optimised pit shell based on actual mining and processing costs.
2. The underground Mineral Resource is reported outside the US$1,400/oz Au pit optimisation based on underground mineable shapes at a cut-off grade of 2.0g/t Au.
3. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
4. Mineral Resources are inclusive of Ore Reserves.
5. All Mineral Resources are completed in accordance with the 2012 JORC Code.
6. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 4: Tropicana Gold Mine -100% basis (IGO 30%) – 30 June 2016 Ore Reserves (and 2015 comparison)

		Ore Reserves - 30 June 2015			Ore Reserves - 30 June 2016		
		Tonnes	Grade	Contained Metal	Tonnes	Grade	Contained Metal
	Classification	(Mt)	Au (g/t)	Au (Moz)	(Mt)	Au (g/t)	Au (Moz)
Open Pit	Proved	11.1	2.27	0.81	7.6	2.33	0.57
	Probable	29.0	2.05	1.91	24.2	2.01	1.56
	Sub-Total	40.1	2.11	2.72	31.8	2.07	2.12
Stockpiles	Proved	8.4	1.09	0.29	9.2	0.98	0.29
GRAND TOTAL		48.5	1.93	3.01	41.0	1.83	2.41

Notes:

1. The Proven and Probable Ore Reserves is reported above economic break-even gold cut-off grade for each material type at nominated gold price of US$1,100/oz (A$1,436/oz).
2. The Ore Reserve estimate is update based on depletion as at 30th June 2016, using the Resource model from July 2015.
3. The cut-off grades reported were 0.6/g Au for oxide material and 0.7g/t Au for transitional and fresh.
4. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
5. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 5: Long Operation – June 2016 Mineral Resources (and 2015 comparison)

		Mineral Resources - 30 June 2015			Mineral Resources - 30 June 2016		
		Tonnes	Grade	Contained Metal	Tonnes	Grade	Contained Metal
			Ni	Ni		Ni	Ni
	Classification	(t)	(%)	(t)	(t)	(%)	(t)
Long	Measured	65,000	5.4	3,500	62,000	5.3	3,300
	Indicated	287,000	5.1	14,600	287,000	5.1	14,600
	Inferred	355,000	4.7	16,700	355,000	4.7	16,700
	Sub-Total	707,000	4.9	34,800	704,000	4.9	34,600
Victor South	Measured	-	-	-	-	-	-
	Indicated	147,000	2.1	3,100	147,000	2.1	3,100
	Inferred	33,000	1.5	500	33,000	1.5	500
	Sub-Total	180,000	2.0	3,600	180,000	2.0	3,600
McLeay	Measured	63,000	6.3	4,000	61,000	6.4	3,900
	Indicated	71,000	4.9	3,500	71,000	4.9	3,500
	Inferred	21,000	6.7	1,400	21,000	6.7	1,400
	Sub-Total	155,000	5.7	8,900	153,000	5.8	8,800
Moran	Measured	234,000	6.6	15,500	126,000	7.2	9,100
	Indicated	51,000	3.3	1,700	44,000	3.9	1,700
	Inferred	52,000	3.7	1,900	52,000	3.7	1,900
	Sub-Total	337,000	5.7	19,100	222,000	5.7	12,700
Stockpiles	Measured	-	-	-	-	-	-
GRAND TOTAL		1,379,000	4.8	66,400	1,259,000	4.7	59,700

Notes:

1. Mineral Resources are reported using a 1% Ni cut-off grade except for the Victor South disseminated Mineral Resource, which is reported using a cut-off grade of 0.6% Ni.
2. Block modelling used the ordinary-kriging grade-interpolation method on 1m composites within wireframes for all elements and density for the Victor South, McLeay and Moran deposits. For the Long mineralisation, ordinary-kriging was used to estimate metal accumulation and horizontal width variables for each drill hole intercept into a two-dimensional block model. The final block grades were back-calculated and the block model was converted to a conventional three-dimensional block model using nearest neighbour assignment.
3. Mining as at 30 June 2016 has been removed from the 2016 Mineral Resource estimate.
4. Mineral Resources are inclusive of Ore Reserves.
5. All figures are rounded to reflect appropriate levels of confidence. Apparent difference may occur due to rounding.
6. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 6: Long Operation – June 2016 Ore Reserves (and 2015 comparison)

		Ore Reserves - 30 June 2015			Ore Reserves - 30 June 2016		
		Tonnes	Grade	Contained Metal	Tonnes	Grade	Contained Metal
			Ni	Ni		Ni	Ni
	Classification	(t)	(%)	(t)	(t)	(%)	(t)
Long	Proved	28,000	3.6	1,000	23,000	3.5	800
	Probable	94,000	2.8	2,600	45,000	3.1	1,400
	Sub-Total	122,000	3.0	3,600	68,000	3.2	2,200
Victor South	Proved	7,000	3.0	200	4,000	5.0	200
	Probable	15,000	2.2	300	6,000	1.7	100
	Sub-Total	22,000	2.5	500	10,000	3.0	300
McLeay	Proved	22,000	3.5	800	18,000	3.9	700
	Probable	24,000	3.1	700	19,000	3.2	600
	Sub-Total	46,000	3.3	1,500	37,000	3.5	1,300
Moran	Proved	380,000	4.0	15,200	224,000	4.2	9,400
	Probable	38,000	3.0	1,200	12,000	3.3	400
	Sub-Total	418,000	3.9	16,400	236,000	4.2	9,800
Stockpiles	Proved	-	-	-	-	-	-
GRAND TOTAL		608,000	3.6	22,000	351,000	3.9	13,600

Notes:

1. Ore Reserves are reported above an economic Ni Cut-off value as at 30 June 2016.
2. A NSR value of $176/t has been used in the evaluation of the 2016 Ore Reserve.
3. Mining as at 30 June 2016 has been depleted from the 2016 Ore Reserve estimate.
4. All figures are rounded to reflect appropriate levels of confidence. Apparent difference may occur due to rounding.
5. Revenue factor inputs (US$): Ni $11,766/t, Cu $5,173/t. Exchange rate A$1.00 : US$0.74.
6. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 7: Jaguar Operation – June 2016 Mineral Resources (and 2015 comparison)

		Mineral Resources - 30 June 2015					Mineral Resources - 30 June 2016				
		Tonnes	Grade				Tonnes	Grade			
	Classification	(t)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	(t)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
Bentley	Measured	529,000	2.1	11.5	159	0.8	402,000	1.8	11.5	177	0.9
	Indicated	1,252,000	1.6	7.3	118	0.8	1,418,000	1.0	11.0	161	1.0
	Inferred	1,113,000	1.0	8.8	149	1.1	282,000	0.7	5.3	107	1.0
	Stockpiles	13,000	1.1	9.2	121	0.6	5,000	2.0	8.9	131	0.8
	Sub-Total	2,907,000	1.5	8.6	138	0.9	2,107,000	1.2	10.3	157	1.0
		Mineral Resources – 30 August 2009					Mineral Resources – 30 August 2009				
Teutonic Bore	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	946,000	1.7	3.6	65	-	946,000	1.7	3.6	65	-
	Inferred	608,000	1.4	0.7	25	-	608,000	1.4	0.7	25	-
	Sub-Total	1,554,000	1.6	2.5	49	-	1,554,000	1.6	2.5	49	-
GRAND TOTAL		4,461,000	1.5	6.5	107	-	3,661,000	1.4	7.0	111	0.6

Notes:

1. 2015 Mineral Resources include massive sulphide and stringer sulphide mineralisation. Massive sulphide resources are geologically defined; stringer sulphide resources for 2015 are reported above a cut-off grade of 0.7% Cu. No economic mining constraints were applied to the 2015 Mineral Resource.
2. 2016 massive sulphide Mineral Resource is reported above a cut-off of $96/t NSR. Stringer sulphide (incremental resources) reported above a cut-off of $60/t NSR. Economic mining constraints have been applied to the 2016 Mineral Resource.
3. Block modelling mainly used ordinary-kriging grade-interpolation methods within wireframes for all elements and density.
4. All Mineral Resources are depleted for mining
5. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
6. Mineral Resources are inclusive of Ore Reserves.
7. The Teutonic Bore Resource estimate is reported in accordance with JORC Code 2012 reporting guidelines. The model is unchanged from the 2009 model.
8. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 8: Jaguar Operation – June 2016 Ore Reserves (and 2015 comparison)

		Ore Reserves - 30 June 2015					Ore Reserves - 30 June 2016				
		Tonnes	Grade				Tonnes	Grade			
	Classification	(t)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	(t)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
Bentley	Proved	323,000	2.0	10.8	155	0.8	277,000	1.8	9.7	157	0.8
	Probable	821,000	1.6	6.3	115	0.7	1,157,000	1.0	9.5	142	0.7
	Sub-Total	1,144,000	1.7	7.6	126	0.7	1,434,000	1.1	9.5	145	0.8
Stockpiles	Proved	13,000	1.1	9.2	121	0.6	4,000	1.7	9.3	138	0.7
GRAND TOTAL		1,157,000	1.7	7.6	126	0.7	1,438,000	1.1	9.5	145	0.8

Notes:

1. Cut-off values were based on NSR values of $134/t ore or direct mill feed and $80/t ore for marginal feed.
2. Revenue factor inputs (US$): Copper price $5,540/t, Zinc price $2,020/t, Silver price $17.00/oz, Gold price $1,200/oz and foreign exchange rate of A$1.00 : US$0.75.
3. The following metallurgical recovery factors have been used: 85.0% Cu recovery into Cu concentrate, 45.0% Ag recovery into Cu concentrate, 32.0% Au recovery into Cu concentrate, 86.0% Zn recovery into Zn concentrate and 16.0% Ag recovery into the Zn concentrate.
4. Longitudinal sub-level long hole stoping with unconsolidated rock fill is the primary method of mining.
5. All Measured Resources and associated dilution was classified as Proved Reserves. All Indicated Resources and associated dilution was classified as Probable Reserves. No Inferred Resources has been converted into Reserves.
6. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
7. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 9: Stockman Project – June 2016 Mineral Resources (and 2015 comparison)

		Mineral Resources - 30 June 2015					Mineral Resources - 30 June 2016				
		Tonnes	Grade				Tonnes	Grade			
	Classification	(Mt)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	(Mt)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
Currawong	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	9.5	2.0	4.2	42	1.2	9.5	2.0	4.2	42	1.2
	Inferred	0.8	1.4	2.2	23	0.5	0.8	1.4	2.2	23	0.5
	Sub-Total	10.3	2.0	4.0	40	1.1	10.3	2.0	4.0	40	1.1
Wilga	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	3.0	2.0	4.8	31	0.5[4]	3.0	2.0	4.8	31	0.5[4]
	Inferred	0.7	3.7	5.5	34	0.4	0.7	3.7	5.5	34	0.4
	Sub-Total	3.7	2.3	4.9	32	0.5[4]	3.7	2.3	4.9	32	0.5[4]
GRAND TOTAL		14.0	2.1	4.3	38	1.0[4]	14.0	2.1	4.3	38	1.0[4]

Notes:

1. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
2. The Mineral Resource estimate is unchanged since 2012.
3. Mineral Resources include massive sulphide and stringer sulphide mineralisation. Massive sulphide resources are geologically defined; stringer sulphide resources are reported above cut-off grades of 0.5% Cu.
4. Au grades for Wilga are all Inferred due to paucity of Au data in historic drilling.
5. Block modelling used ordinary-kriging grade-interpolation methods within wireframes for all elements and density.
6. Mining as at end of historic mine life (1996) has been removed from the Mineral Resource estimate for Wilga.
7. Mineral Resources are inclusive of Ore Reserves.
8. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

Table 10: Stockman Project – June 2016 Ore Reserves (and 2015 comparison)

		Ore Reserves - 30 June 2015					Ore Reserves - 30 June 2016				
		Tonnes	Grade				Tonnes	Grade			
	Classification	(Mt)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	(Mt)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
Currawong	Proved	-	-	-	-	-	-	-	-	-	-
	Probable	7.4	2.1	4.3	40	1.2	7.4	2.1	4.3	40	1.2
	Sub-Total	7.4	2.1	4.3	40	1.2	7.4	2.1	4.3	40	1.2
Wilga	Proved	-	-	-	-	-	-	-	-	-	-
	Probable	1.6	2.1	5.6	31	0.5[2]	1.6	2.1	5.6	31	0.5[2]
	Sub-Total	1.6	2.1	5.6		0.5[2]	1.6	2.1	5.6		0.5[2]
GRAND TOTAL		9.0	2.1	4.5	39	1.1[2]	9.0	2.1	4.5	39	1.1[2]

Notes:

1. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
2. Gold (Au) grades are Inferred at Wilga due to a paucity of gold assays in historic drilling. Revenue from gold in the Wilga ore was included in the estimation of the Ore Reserve. The contribution to revenue of this gold was estimated to be $8.65/g of gold *in situ*. This inclusion was not material to the value of the mining envelopes considered and did not warrant downgrading of any portion of the Ore Reserve attributable to Wilga. The contribution from Wilga represents 18% of the Total Ore Reserve.
3. The Ore Reserve was estimated using the NSR method. The NSR value represents unit revenue per tonne net of all off-site costs. These off-site costs included road transport, sea transport, treatment charges, refining costs and state royalties. The NSR value did not include site costs such as mining, geology, processing and site administration. These site costs were applied in the form of an NSR cut-off, used to guide the limits of a practical and economic mining envelope. The Currawong NSR cut-off was $97/t and for Wilga it was $105/t.
4. Revenue factor inputs (US$): Cu $6,591/t, Zn $2,979/t, Ag $20.17/oz, Au $1,146/oz. Exchange rate A$1.00 : US$0.84.
5. Metallurgical recoveries – 81.5% Cu, 40.7% Ag, and 20.4% Au in Cu concentrate; 76.4% Zn and 18.5% Ag in Zn concentrate.
6. Long hole open stoping with cemented paste backfill is the primary method of mining proposed at Stockman.
7. Historic mining at Wilga has been removed from the Ore Reserve estimate.
8. The Ore Reserve estimate includes Inferred and unclassified material in the form of mining dilution estimated to be approximately 780,000t at 0.31 Cu%, 1.0 Zn%, 5.2g/t Ag and 0.1g/t Au.
9. JORC Code (2012) Table 1 Parameters are contained within IGO's 2016 ASX Resources and Reserves Statement as released to the ASX which can be found at www.igo.com.au

General

Nova Project Resources and Reserves

The information that relates to the Nova Project Mineral Resources is based on, and fairly represents information and supporting documentation compiled by Mr Mark Drabble and Mr David Hammond. Mr Hammond is an employee of IGO and Mr Drabble is Principal Consultant-Geology of consultancy group Optiro Pty Ltd. Both are members of The Australasian Institute of Mining and Metallurgy and both have sufficient experience relevant to the type and style of mineral deposit under consideration, and to the activity which has been undertaken, to qualify as Competent Persons as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Drabble and Mr Hammond consent to the inclusion in this report of the Nova Bollinger Mineral Resource estimate, based on their information in the form and context in which it appears.

The information that relates to the Nova Project Ore Reserves is based on, and fairly represents information and supporting documentation compiled by Mr Brett Hartmann who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hartmann is a full-time employee of IGO. Mr Hartmann has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Hartmann consented to the inclusion in this report of the Nova Bollinger Ore Reserve estimate, based on his information, in the form and context in which it appears.

Tropicana Gold Mine Resources and Reserves

The information that relates to the Tropicana Mineral Resources is based on, and fairly represents information and supporting documentation compiled by Mr Mark Kent, a full-time employee and security holder of AngloGold Ashanti Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Kent has sufficient experience relevant to the type and style of mineral deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Kent consented to the inclusion in this report of the Tropicana Mineral Resource estimate, based on the information in the form and context in which it appears.

The information that relates to the Tropicana Ore Reserves is based on, and fairly represents information and supporting documentation compiled by Mr Jason Vos, a full-time employee and security holder of AngloGold Ashanti Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Vos has sufficient experience relevant to the type and style of mineral deposit under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Vos consented to the inclusion in this report of the Tropicana Ore Reserve estimate, based on the information, in the form and context in which it appears.

Long Operation Resources and Reserves

The information in this report that relates to the Long Operation's Mineral Resources is based on, and fairly represents information and supporting documentation compiled by Ms Somealy Sheppard. The information in this report that relates to the Long Operation's Ore Reserves is based on information compiled by Mr Brett Hartmann. Ms Sheppard is a full-time employee of IGO and is a member of the Australian Institute of Geoscientists. Mr Hartmann is a full-time employee of IGO and is a member of The Australasian Institute of Mining and Metallurgy. Ms Sheppard and Mr Hartmann have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the JORC Code. Ms Sheppard and Mr Hartmann consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Jaguar Operation Bentley / Teutonic Bore Resources and Reserves

The information in this report that relates to the Bentley Mineral Resources is based on, and fairly represents information and supporting documentation compiled by Mr William Stewart. The information in this report that relates to the Teutonic Bore Mineral Resources is based on information compiled by Mr Stewart. Mr Stewart is a full-time employee of IGO and member of The Australasian Institute of Mining and Metallurgy and member of Australian Institute of Geoscientists. The information in this report that relates to the Bentley Ore Reserves is based on information compiled by Mr Shane McLeay who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr McLeay is a full-time employee of Entech Pty Ltd. Mr Stewart and Mr McLeay have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined in the 2012 edition of the JORC Code. Mr Stewart and Mr McLeay consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Stockman Project Currawong and Wilga Resources and Reserves

The information in this report that relates to the Stockman Mineral Resources is based on, and fairly represents information and supporting documentation compiled by Mr Matthew Dusci. Mr Dusci is a full-time employee of IGO and is a member of the Australian Institute of Geoscientists. Mr Dusci has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Dusci consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Stockman Ore Reserves is based on, and fairly represents information and supporting documentation compiled by Mr Geoff Davidson who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Davidson is a consultant working for Mining and Cost Engineering Pty Ltd. Mr Davidson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Davidson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Annual Report Mineral Resource and Ore Reserve Statement

The information in this report that relates to the Independence Group Annual Report Mineral Resources and Ore Reserves Statement as a whole is based on information compiled by Mr. Dusci who is a member of Australian Institute of Geoscientists and is a full-time employee of IGO. The Annual Report Mineral Resources and Ore Reserves Statement is based on, and fairly represents, information and supporting documentation prepared by the above-named Competent Persons. The Annual Report Mineral Resources and Ore Reserves Statement has been issued with the prior written consent of Mr. Dusci, in the form and context in which it appears in the Annual Report.

Mineral Resource and Ore Reserve Governance

In estimating Mineral Resources and Ore Reserves the Competent Person(s) for each estimate is (are) responsible for:

- Adopting annual Board approved metal prices and foreign exchange assumptions for use in estimates
- Monitoring the planning, progress, estimation and reporting of Mineral Resources and Ore Reserves to meet IGO standards and timelines
- JORC Code compliant reporting
- Periodic internal review of process, data, estimates and reports
- Periodic external review of data, Estimates and reports for new or materially changed estimates.

Independence Group NL reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Mineral Resources are quoted inclusive of Ore Reserves.

Competent Persons named by Independence Group NL are Members or Fellows of the AusIMM and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined in the JORC Code.

FINANCIAL REPORT 2016

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Independence Group NL (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

The following persons held office as Directors of Independence Group NL during the whole of the financial year and up to the date of this report, unless otherwise noted:

Peter Bilbe
Peter Bradford
Peter Buck
Geoffrey Clifford
Keith Spence
Neil Warburton
Mark Bennett

Neil Warburton was appointed as a Non-executive Director on 12 October 2015 and continues in office at the date of this report.

Mark Bennett was appointed as a Non-executive Director on 12 October 2015 and was in office until his resignation on 31 May 2016.

Principal activities

The principal activities of the Group during the financial year were non-operator gold mining from the Company's 30% interest in the Tropicana Gold Mine, nickel mining at the Long Operation, zinc and by-product mining at the Jaguar Operations, development of the Nova Project and ongoing mineral exploration.

Dividends

Dividends paid to members during the financial year were as follows:

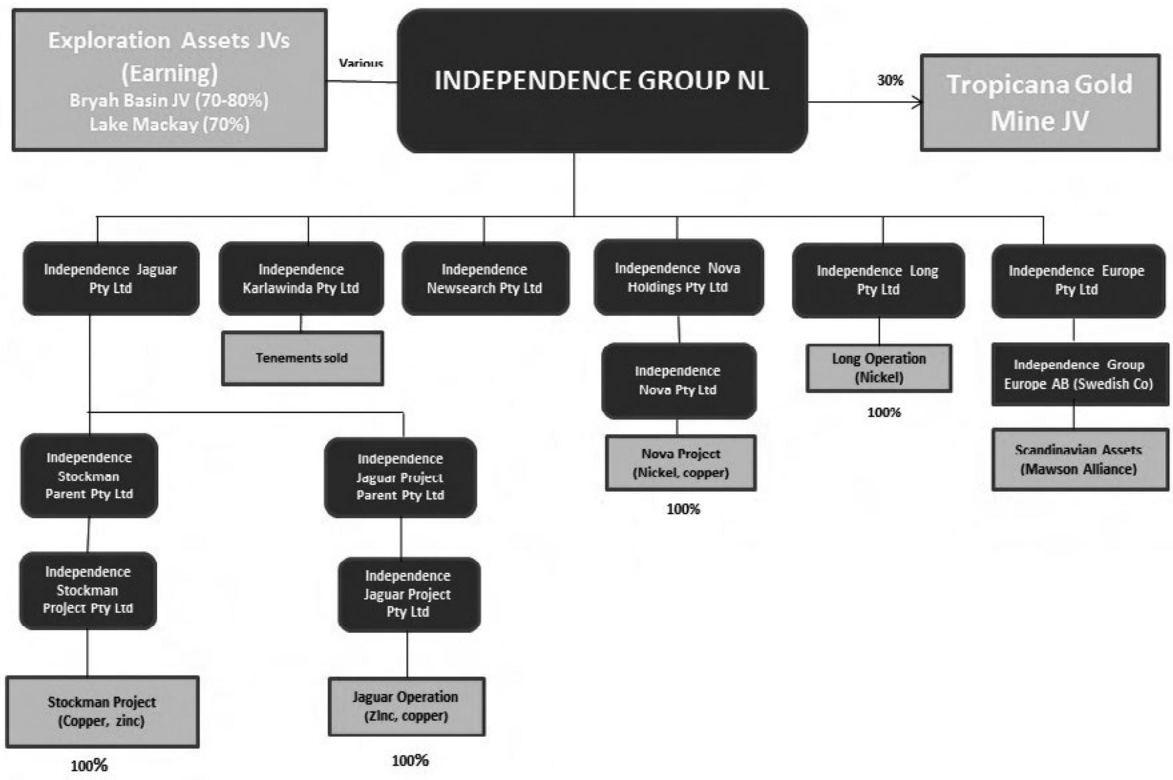
	2016 $'000	2015 $'000
Final ordinary dividend for the year ended 30 June 2015 of 2.5 cents (2014: 5 cents) per fully paid share	**12,786**	11,713
Interim ordinary dividend for the year ended 30 June 2016 of nil cents (2015: 6 cents) per fully paid share	**-**	14,055
	12,786	25,768

In addition to the above dividends, since the end of the financial year the Company has announced the payment of a final ordinary dividend of $11,734,000 (2 cents per fully paid share, fully franked) to be paid on 23 September 2016.

Operating and financial review

Independence Group NL is a company listed on the Australian Securities Exchange (ASX:IGO). The Company has been listed on the ASX since 17 January 2002, having traded as Independence Gold NL from 17 January 2002 to 19 December 2003.

Operating and financial review (continued)



The Group currently has operations in the production phase in Western Australia comprising:

- The Tropicana Gold Mine (IGO: Non-operator joint venturer; 30% owned) is located 330km east northeast of Kalgoorlie. The Operation comprises approximately 3,000km^2 of tenements (excluding the Beachcomber and Salt Creek joint venture tenure) stretching over more than 275km in strike length along the Yilgarn Craton and Fraser Range Mobile Belt Collision Zone. The Company targeted and pegged the area containing the current Ore Reserves in 2001. AngloGold Ashanti Australia Limited farmed into the project in 2002, discovering Tropicana, Havana and the Boston Shaker gold deposits in 2005, 2006 and 2010 respectively. The gold deposits occur over a 5km strike length with gold mineralisation intersected to a depth of 1km vertically beneath the natural surface. The decision by the Tropicana Joint Venture partners to develop the Tropicana Gold Mine was announced in November 2010 following a positive bankable feasibility study assessment. In early 2011, construction commenced with the site access road, followed by key site infrastructure including an aerodrome, accommodation village, borefields and processing plant. Mining of the Havana deposit commenced in 2012.

  Commissioning of the processing plant occurred in 2013, with the first gold poured in September 2013. Nameplate capacity of the processing plant, 5.8Mtpa, was achieved in March 2014, and the operation is currently targeting and on track to expand the capacity to 7.5Mtpa in FY17.

  The gas pipeline project, including the installation of the gas fired generators, is complete with the commissioning of the 17 gas generating units.

Operating and financial review (continued)

- The Jaguar zinc, copper and silver mine and processing operations, located 60km north of Leonora in Western Australia - 100% owned. The Jaguar Operation consists of the Bentley underground mine, the Jaguar processing facility and administration infrastructure and the accommodation village. These assets are situated on tenure that hosts a 50km long corridor of prospective stratigraphy.

  The prospective corridor has hosted three economically viable volcanogenic massive sulphides (VMS) ore bodies. The first deposit discovered was Teutonic Bore in 1976. The Jaguar deposit was discovered in 2002, approximately 4km south of Teutonic Bore and the most recent discovery, the Bentley deposit located another 4km south of Jaguar, was discovered in 2008.

  All ore is processed at the Jaguar concentrator, which produces both a copper concentrate and a zinc concentrate. The copper concentrate also contains significant silver and gold credits. The concentrates are trucked to the port of Geraldton for export.

- The Long nickel mine located near Kambalda - 100% owned. The Company acquired the Long Operation in Kambalda, Western Australia, from BHP Billiton Nickel West Pty Ltd (BHPB Nickel West) in September 2002. The mine was successfully re-commissioned in October 2002 and has been operating successfully and safely since then.

  Since recommissioning, and through to 30 June 2016, the Long Operation has mined 3.2Mt ore for 124,600t of contained nickel metal and has achieved exploration success with the discovery of the McLeay (2005) and Moran (2008) ore bodies. At the time of purchasing the Long Operation, the Group entered into an offtake agreement with BHPB Nickel West whereby the ore produced from the mine is delivered to the adjacent BHPB Nickel West Kambalda Nickel Concentrator for toll treatment and production of nickel concentrate. The current offtake agreement with BHPB Nickel West expires in February 2019.

  In September 2015, the Company restructured its mining activities at the Long Operation to ensure that the mine remains profitable and sustainable at lower nickel prices. Future mining activities at the Long Operation are focused on longhole stoping, supported by twin boom jumbo development. Other mining methods and activities, including mechanised cut and fill and air-leg mining, were discontinued with effect from 9 September 2015.

The Group also has one operation in the construction phase in Western Australia as follows:

- Nova Project - The Company completed the acquisition of Sirius Resources NL (Sirius) in September 2015. Sirius was an ASX listed minerals exploration and development company with a key focus on the development of the Nova Project, located east of Norseman in Western Australia.

  On 25 May 2015, the Company and Sirius announced two separate but inter-conditional Schemes of Arrangement, being the Acquisition Scheme of Arrangement (the Acquisition Scheme), whereby the Company would acquire all of the shares in Sirius, and the Demerger Scheme of Arrangement (Demerger Scheme), under which Sirius would create a new listed company, S2 Resources Limited. Following the approval of the Schemes on 12 September 2015, the scheme participants received 0.66 new shares in IGO and $0.52 cash per Sirius ordinary share.

  The transaction was completed on 22 September 2015, resulting in cash consideration paid for the acquisition of Sirius of $250.6 million plus the issue of 275,842,684 shares in the Company. Suspension of trading of Sirius was in effect on close of business 10 September 2015. Implementation of the Schemes occurred on 22 September 2015 and integration of Sirius into the Group was completed during the December 2015 quarter. An Optimisation Study to a bankable feasibility level, which demonstrated a significant enhancement of the project value, was also completed in the December 2015 quarter.

  Progress at Nova has continued according to plan during the period, reaching the 93.4% mark as at 30 June 2016 and remaining ahead of schedule and on budget relative to the Optimisation Study schedule. Total expenditure for the period on the Nova Project was $240.4 million, with $179.5 million spent since the Company completed the transaction.

  The Nova Project comprises an underground mine to mine two orebodies, Nova and Bollinger, as well as a 1.5Mtpa processing facility that will produce a nickel concentrate and a copper concentrate, and associated infrastructure.

Operating and financial review (continued)

- In July 2016, the Company announced it was accelerating the development of the Bollinger orebody (Bollinger). This work would enable earlier access to Bollinger which is expected to deliver enhanced early cash flow and additional project value while staying within the original $443 million capital cost estimate announced in the Optimisation Study schedule.

  Total mine development of 5.53km had been completed and the first ore from development activities was mined and hauled to the surface by the end of the period. The current schedule indicates concentrate will be produced and ready for shipment, as planned, during December 2016.

The Company has actively focused on organic growth during FY16 through dedicated exploration programs for base and precious metals. An outline of the key work activities during this period include:

Brownfields Exploration

- Tropicana Gold Mine - An extensive resource extension drilling program, which was initiated at Tropicana during 2015 to provide a framework for the understanding of the Tropicana Mineralised Complex, was completed in the June 2016 quarter. The drilling forms part of the ongoing mining studies internally referred to as the Long Island Study. A total of 106,750m of drilling has been completed since June 2015 to the end of the period. The drilling has focused on the resource extension to the Boston Shaker, Tropicana, Havana and Havana South mineralised zones at depth. The drilling has returned encouraging results which continue to highlight the potential of the Tropicana mineralised system. A mineral resource update is scheduled for the September 2016 quarter.

- Jaguar Operation - Exploration activities during FY16 focused on in-mine diamond drilling programs designed to upgrade the Mineral Resource confidence on the Flying Spur lens along with testing resource extensions on the Arnage lens. Regional exploration was focused on the Triumph Prospect, located approximately 5km north of the Jaguar processing plant. Drilling at Triumph has identified mineralisation over a strike length of 400m.

- Nova Project - The focus on the Nova Project has been on the commencement of grade-control drilling from underground drill platforms as part of the development of the project to production of first concentrate scheduled for December 2016. Exploration focused on resource extensions and discovery of additional orebodies will be a key focus for work streams in FY17. This will include utilisation of the underground drilling platforms to test for mineralised positions beneath the Nova and Bollinger orebodies.

- Long Operation - Exploration activities at Long were suspended in early calendar year 2016 due to low nickel prices. Renewed exploration activities are planned to re-commence in FY17.

Greenfields Exploration

- Greenfields exploration during FY16 has focused on in-ground expenditure on three projects that deliver belt-scale opportunities, being Fraser Range/Tropicana Belt, Lake Mackay and Bryah Basin projects.

This review should be read in conjunction with the financial statements and the accompanying notes.

The objective and strategy of the Group is to create long-term shareholder value through the discovery, development and acquisition of low cost and high grade gold and base metals projects. Since incorporation in 2002, and including the current financial year, the Company has returned to shareholders in excess of $146.6 million by way of a combination of $136.9 million fully franked dividends and a $9.7 million share buy back in 2009. The Company currently has 586,698,580 shares outstanding.

The Group's future prospects are dependent on a number of external factors that are summarised towards the end of this report.

At the end of the financial year, the Group had cash and cash equivalents of $46.3 million and marketable securities of $5.0 million (2015: $121.3 million and $15.6 million respectively).

Cash flows from operating activities for the Group were $95.2 million, despite the drop in base metals prices during the year. This was a result of strong gold sales from the Tropicana Gold Mine, combined with sound operating cash flows from the Jaguar Operation and the Long Operation. Payments for exploration expenditure fell by 22% to $20.0 million. Included in operating activities were cash outflows of $6.9 million in relation to the Syndicated Facility Agreement (refer Facility Agreement below) and $12.4 million in acquisition and other integration costs.

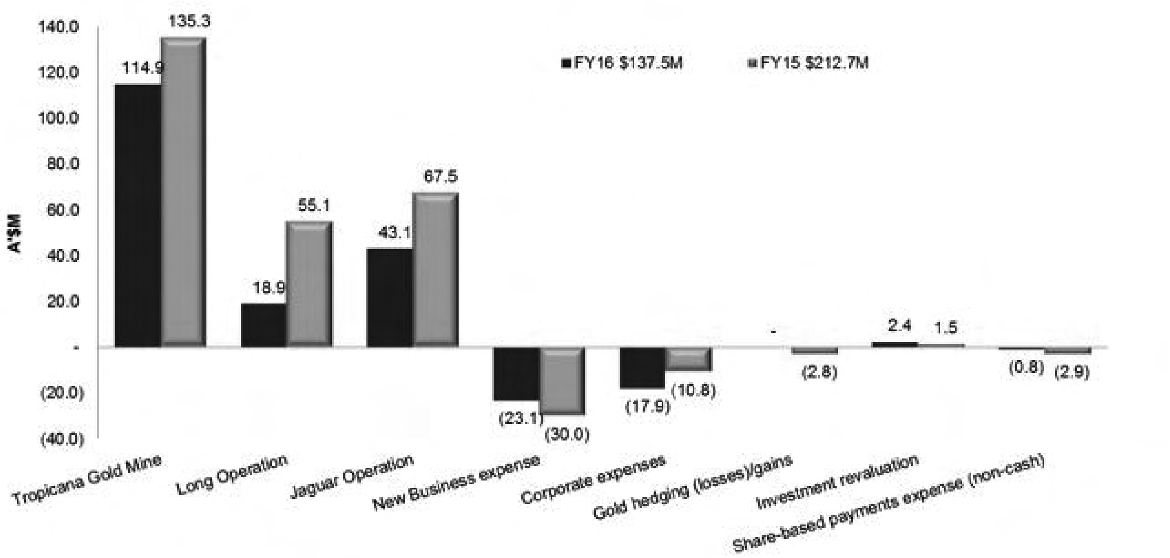
Operating and financial review (continued)

Cash outflows from investing activities increased during the year to $423.5 million, primarily due to the cash payment for the acquisition of Sirius ($202.1 million, net of cash acquired) and payments towards the construction of the Nova Project ($179.5 million). Other movements comprised $10.6 million for capitalised exploration expenditure and $10.7 million associated with acquisition of property, plant and equipment, primarily driven by Tropicana improvement work aimed at delivering higher plant throughput. The Group also realised $16.0 million from the sale of its investment in Gold Road Resources Ltd.

On 16 July 2015, the Company entered into a new Syndicated Facility Agreement (Facility Agreement) with National Australia Bank Limited, Australia and New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited for a $550 million committed term finance facility on an unsecured basis. The Facility Agreement comprises a five year $350 million amortising term loan facility that was used to refinance Sirius' existing Nova Project finance facility, and provide funds for the continued development, construction and operation of the Nova Project; and a five year $200 million revolving loan facility that was used to partially fund the payment of the cash component of the Acquisition Scheme and transaction costs, in addition to providing funding for general corporate purposes.

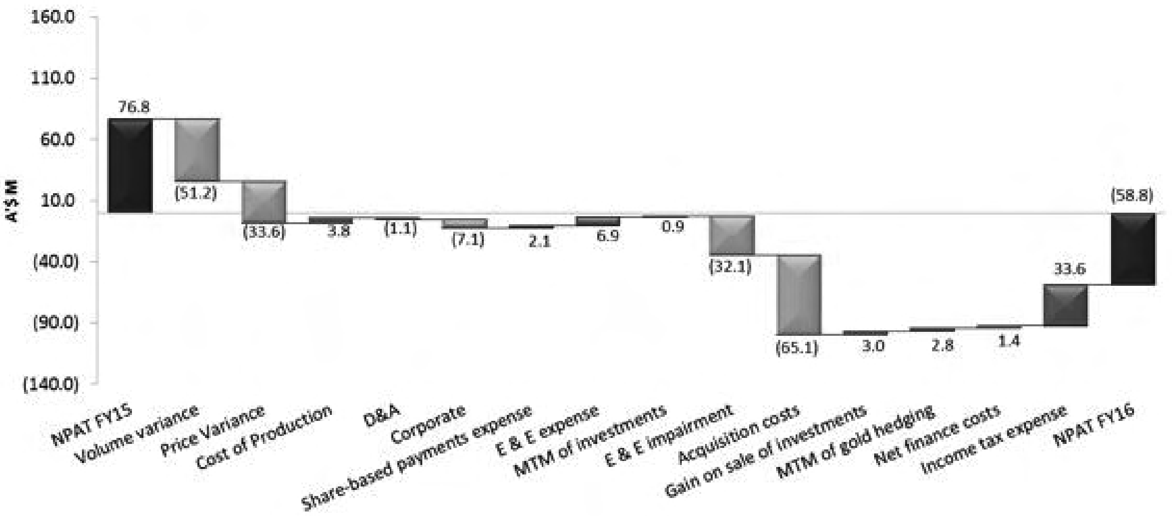
Cash flows from financing activities during the financial year predominantly comprised drawdowns from the debt facility, which totalled $271.0 million for the period. In addition, the Group paid $12.8 million in dividends during the year. Total cash flows relating to capitalised transaction costs associated with the Facility Agreement were $5.3 million. These costs are incremental costs that are directly attributable to the Facility Agreement and include loan origination fees, legal fees and other costs relating to the establishment of the loan.

During discussions of the operating results of its business, the Group's Board and management monitor a measure known as Underlying EBITDA. The Board considers this measure to be important to the Group and investors alike, as it represents a useful proxy to measuring an operation's cash generating capabilities. Underlying EBITDA is calculated as profit after tax adjusted for income tax expense, finance costs, interest income, asset impairments, depreciation and amortisation. Underlying EBITDA decreased relative to the previous financial year as can be seen in the following chart:

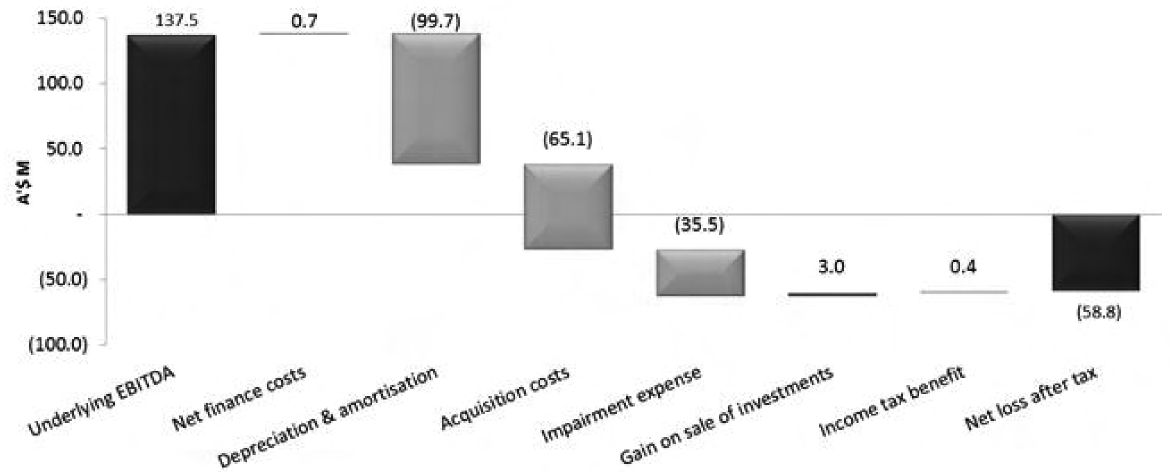


Net profit/(loss) after tax (NPAT) for the year was a loss of $58.8 million compared to a profit of $76.8 million in the previous financial year. The current year loss includes $65.1 million of acquisition and related integration costs relating to the acquisition of Sirius, $35.5 million of impairments of capitalised exploration costs (primarily Stockman Project) and $19.7 million of exploration expenditure. The chart below outlines the key drivers of the results for FY16 compared to the prior corresponding year.

Operating and financial review (continued)



Below is a reconciliation of Underlying EBITDA to NPAT for FY16:



Depreciation and amortisation expense (D&A) of $99.7 million was in line with the previous financial year (2015: $98.6 million) and includes $50.3 million relating to Tropicana, $25.7 million to Jaguar Operation, $22.5 million to Long Operation and the balance to corporate assets.

Operations

Tropicana Gold Mine

The table below outlines the key results and operational statistics during the current and prior year.

Operating and financial review (continued)

Operations (continued)

Tropicana Gold Mine (continued)

Tropicana Gold Mine		2016	2015
Total revenue	*$'000*	**214,998**	218,966
Segment operating profit before tax	*$'000*	**64,330**	76,117
Total segment assets	*$'000*	**840,174**	645,071
Total segment liabilities	*$'000*	**36,813**	31,748
Gold ore mined (>0.6g/t Au)	*'000 dmt*	**7,289**	10,763
Gold ore mined (>0.4 and 0.6g/t Au)	*'000 dmt*	**1,210**	1,601
Waste mined	*'000 dmt*	**50,350**	42,761
Gold grade mined (>0.6g/t)	*g/t*	**2.13**	2.06
Ore milled	*'000 dmt*	**6,528**	5,826
Gold grade milled	*g/t*	**2.39**	2.98
Metallurgical recovery	*%*	**89.3**	90.2
Gold recovered	*ounces*	**448,546**	492,780
Gold produced	*ounces*	**448,116**	496,413
Gold refined and sold (IGO share)	*ounces*	**135,864**	150,836
Cash Costs	*$ per ounce produced*	**730**	568
All-in Sustaining Costs (AISC)**	*$ per ounce sold*	**918**	795

** All-in Sustaining Costs is a measure derived by the World Gold Council. On 27 June 2013, the Council released a publication outlining definitions of both Cash Costs and All-in Sustaining Costs.

Tropicana revenue for the period was $215.0 million, which was slightly lower than the previous year as a result of the cessation of grade streaming in December 2015. The average AUD gold price achieved increased by $111 per ounce or 8% compared to the previous period whilst gold sold to the Company's account decreased by 14,972 ounces or 10%. Cash costs per ounce produced, which comprises the costs of producing gold at the mine site and includes credit adjustments for waste stripping costs and inventory build and draw costs, were $730 or 29% higher than the previous period. All-in Sustaining Costs (AISC) per ounce sold were $918 or 15% higher. AISC comprises of cash costs and capitalised sustaining deferred waste stripping costs, sustaining exploration costs, sustaining capital and non-cash rehabilitation accretion costs. AISC excludes improvement capital expenditure and other sustaining or expansion exploration expenditure.

During the period, optimisation and upgrades have steadily increased processing plant throughput. Annualised throughput continued to trend higher with an annualised rate of 6.9Mtpa being achieved in the June 2016 quarter.

Total Tropicana segment assets increased by 30% due to ongoing contributions by the Company to the operation by way of cash calls paid to the joint venture manager ($148.8 million for the year). During the year, a total of 7.3Mt of full grade ore (>0.6g/t), 1.2Mt of marginal ore (grading between 0.4 & 0.6g/t Au) and 50.3Mt of waste material was mined, with the average run-of-mine grade for full grade ore (>0.6g/t Au) being 2.13g/t Au for the year. At year end, the capitalised run of mine stockpile comprised ore > 0.6g/t and totalled 9.0Mt grading an average of 0.96g/t (2015: 8.9Mt at 1.09g/t).

Based on current ore reserves, the mine currently has a life of approximately 7.5 years.

Long Operation

Independence Long Pty Ltd has entered into a long term ore tolling agreement with BHPB Nickel West whereby the Group is paid for the nickel metal contained in the ore mined, less applicable ore toll charges and payability discounts. Revenue from nickel sales is priced on a quotational period of three months after the month of production. 70% of the sales receipt is provisionally paid based on the average London Metals Exchange (LME) price for the month of delivery; a balancing adjustment is paid in the fourth month after delivery based on the average LME price of the third month after delivery. The mine produced 8,493t of contained nickel during the year at payable cash costs including royalties (net of copper credits) of $3.67/lb (2015: $4.01/lb).

Operating and financial review (continued)

Operations (continued)

Long Operation (continued)

The Long Operation constitutes an operating segment as disclosed in the Financial Report. During the year a total of 215,337t of ore was mined, sourced from Moran (93%), Long Lower (3%), McLeay (2%) and Victor South (2%). The majority of ore continued to be mined from long hole stoping (91%) with lesser amounts coming from other mechanised mining methods and non-mechanised methods.

Total segment revenue decreased by 43% during 2016, driven predominantly by a 34% lower realised AUD nickel price together with 16% lower payable nickel tonnes sold. In addition, the restructure that was implemented in September 2015 resulted in the discontinuation of a number of mining methods at the Long Operation, resulting in lower, though more profitable, sales volumes.

Based on current ore reserves, the mine currently has a life of approximately 1.5 years.

The table below highlights the key results and operational statistics during the current and prior year.

Long Operation		**2016**	**2015**
Total revenue	*$'000*	**63,926**	111,423
Segment operating (loss) profit before tax	*$'000*	**(3,532)**	32,110
Total segment assets	*$'000*	**65,738**	92,546
Total segment liabilities	*$'000*	**35,200**	36,180
Ore mined	*tonnes*	**215,337**	258,634
Nickel grade	*head %*	**3.94**	3.94
Copper grade	*head %*	**0.28**	0.28
Tonnes milled	*tonnes*	**215,337**	258,634
Nickel delivered	*tonnes*	**8,493**	10,198
Copper delivered	*tonnes*	**610**	723
Metal payable (IGO share)			
- Nickel	*tonnes*	**5,125**	6,151
- Copper	*tonnes*	**247**	293
Ni cash costs and royalties	*A$ per pound of payable metal*	**3.67**	4.01

* Cash costs include credits for copper

Jaguar Operation

The Jaguar Operation was acquired by the Company in 2011 through the acquisition of Jabiru Metals Limited. The Operation is located 60km north of Leonora and 300km north of Kalgoorlie. All ore is currently mined from the Bentley underground mine, located 6km south of the Jaguar processing facility, which is used to beneficiate the ore mined to produce zinc and copper concentrates. These concentrates are trucked to the Geraldton port for shipping to customers primarily in Asia. The copper concentrate contains significant levels of silver and gold as by-products, which attract precious metal credits that contribute significantly to the Group's cash flows and revenue. The zinc concentrate has minor amounts of silver in its concentrate.

In addition, both near mine and greenfields exploration targets continue to be investigated for potential to add mine life to the operation. Two potential areas are projects known as the 'Bentley deeps', beneath the existing Bentley underground mine, and Triumph, located 6km north of the Jaguar processing facility. Both projects continued to be targeted in the 2016 financial year for drilling, once completed they will be further evaluated.

The performance of the Bentley underground mine outperformed the previous year; ore mined increased by 3% and ore milled increased by 4%. Copper grades were constant at 1.8% while zinc grades mined fell 1.6% to 8.9%. This variation in run of mine grades is due to the variable nature of the geology and the stopes scheduled for mining. Both reserves and resources are reconciling well.

Copper and zinc concentrate sales are paid on a quotational period that varies between one and four months, with generally 90% of the sales receipt payable by the customer shortly after shipment. The one month or four month average LME copper and zinc price ultimately determines the final price paid by the customer.

Operating and financial review (continued)

Operations (continued)

Jaguar Operation (continued)

Based on current ore reserves, the Bentley underground mine is currently anticipated to have a life of approximately 3.5 years.

The table below outlines the key results and operational statistics during the current and prior year.

Jaguar Operation		2016	2015
Total revenue	*$'000*	**132,987**	164,016
Segment operating profit before tax	*$'000*	**17,317**	47,585
Total segment assets	*$'000*	**145,892**	134,569
Total segment liabilities	*$'000*	**22,816**	24,374
Ore mined	*tonnes*	**497,751**	485,302
Copper grade	*%*	**1.7**	1.8
Zinc grade	*%*	**8.9**	10.6
Silver grade	*g/t*	**128**	156
Gold grade	*g/t*	**0.75**	0.7
Ore milled	*tonnes*	**505,578**	488,466
Metal in concentrate			
- Copper	*tonnes*	**7,412**	7,380
- Zinc	*tonnes*	**39,335**	44,999
- Silver	*ounces*	**1,603,565**	1,876,384
- Gold	*ounces*	**4,880**	4,439
Metal payable (IGO share)			
- Copper	*tonnes*	**7,122**	7,090
- Zinc	*tonnes*	**32,634**	37,551
- Silver	*ounces*	**1,071,989**	1,293,858
- Gold	*ounces*	**4,543**	4,110
Zinc cash costs and royalties*	*A$/lb total Zn metal produced*	**0.53**	0.43

*Cash costs include credits for copper, silver and gold

The Jaguar Operation also constitutes an operating segment. Segment revenue decreased by 19% during FY16, with the main drivers of this result being a decrease in zinc revenue of 27% and copper revenue of 20%. This was due to a combination of 13% lower payable zinc sold and 9% lower realised prices. Copper revenue decreased due to 18% lower realised prices.

External factors affecting the Group's results

The Group operates in an uncertain economic environment and its performance is dependent upon the result of inexact and incomplete information. As a consequence, the Group's Board and management monitor these uncertainties and mitigate the associated risk of adverse outcomes where possible. The following external factors are all capable of having a material adverse effect on the business and will affect the prospects of the Group for future financial years.

Commodity prices

The Group's operating revenues are sourced from the sale of base metals and precious metals that are priced by the LME. The Group is not a price maker with respect to the metals it sells and it is, and will remain, susceptible to adverse price movements. The Company took advantage of strong gold price appreciation and hedged additional gold production during and after the year-end to further de-risk future cash flow during the expected term of the repayment of the debt used primarily for construction of the Nova Project. Hedging in FY17, FY18 and FY19 represents approximately 70%, 50% and 40% respectively of the Company's share of forecast annual gold production. The average realised gold price achieved in FY16 was A$1,576/oz.

During the period, the Company initiated diesel hedging in order to benefit from historically low oil prices. As at year-end, the Company had hedged 25% of expected diesel usage for the next two years.

Operating and financial review (continued)

External factors affecting the Group's results (continued)

Exchange rates

The Group is exposed to exchange rate risk on sales denominated in United States dollars (USD) whilst its Australian dollar (AUD) functional currency is the currency of payment to the majority of its suppliers and employees. The monthly average AUD/USD currency pair weakened from 0.8188 for the 2015 financial year to 0.7272 for the year ended 30 June 2016. A weaker AUD implies a higher AUD receipt of sales denominated in USD. The Group's policy is to mitigate adverse foreign exchange risk by transacting commodity hedges in AUD equivalent terms where possible.

Downstream processing markets

The price of sea freight, smelting and refining charges are market driven and vary throughout the year. These also impact on the Group's overall profitability.

Interest rates

Interest rate movements affect both returns on funds on deposit as well as the cost of borrowings. Furthermore, AUD and USD interest rate differentials are intimately related to movements in the AUD/USD exchange rate.

Native Title

With regard to tenements in which the Group has an existing interest in, or will acquire an interest in the future, it is the case that there are areas over which common law Native Title rights exist, or may be found to exist, which may preclude or delay exploration, development or production activities. Specifically, at our Long Operation, a Federal Court ruling by a single Judge, which determined that certain tenements are invalid insofar as they are inconsistent with the exercise of the Native Title rights of the Aboriginal Native Title holders, was overturned on appeal by the Full Bench of the Federal Court. An application for Special Leave to appeal to the High Court has been lodged by the Native Title holders however no date has yet been set for the hearing. The Company will continue to monitor the matter, in conjunction with other affected parties.

Exposure to economic, environmental and social sustainability risks

The Company has material exposure to economic, environmental and social sustainability risks, including exposure to base metal and foreign exchange market fluctuations and changes in environmental regulatory legislation.

The Company employs suitably qualified personnel to assist with the management of its exposure to environmental and social sustainability risks, including appropriate health and safety personnel, as well as heritage and environmental experts. These risks are discussed in more detail in the Company's Sustainability Report which can be found on the Company's website.

Other external factors and risks

- Operational performance including uncertain mine grades, seismicity ground support conditions, grade control, in fill resource drilling, mill performance and experience of the workforce;
    - Contained metal (tonnes and grades) are estimated annually and published in resource and reserve statements, however actual production in terms of tonnes and grade often vary as the ore body can be complex and inconsistent.
    - Active underground mining operations can be subjected to varying degrees of seismicity. This natural occurrence can represent significant safety, operational and financial risk. To mitigate this risk substantial amounts of resources and technology are used in an attempt to predict and control seismicity.
- Exploration success or otherwise;
    - Due to the nature of an ever depleting reserve/resource base, the ability to continually find or replace reserves/resources presents a significant operational risk. Drill sites need to be continually mined (for underground drilling) to enable effective exploration drilling.
- Operating costs including labour markets and productivity;
    - Labour is one of the main cost drivers in the business and as such can materially impact the profitability of an operation.
- Changes in market supply and demand of products;
    - Any change in the supply or demand impacts on the ability to generate revenues and hence the profitability of an operation.
- Changes in government taxation legislation;

Operating and financial review (continued)

External factors affecting the Group's results (continued)

Other external factors and risks (continued)

- Changes in health, safety and environmental regulations;
- Environmental issues and social expectations; and
- Assumption of estimates that impact on reported asset and liability values.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

The Company completed the acquisition of Sirius Resources NL (Sirius) in September 2015. Sirius was an ASX listed minerals exploration and development company with a key focus on the development of the Nova Project, located east of Norseman in Western Australia.

On 25 May 2015, the Company and Sirius announced two separate but inter-conditional Schemes of Arrangement, being the Acquisition Scheme of Arrangement (the Acquisition Scheme), whereby the Company would acquire all of the shares in Sirius, and the Demerger Scheme of Arrangement (Demerger Scheme), under which Sirius would create a new listed company, S2 Resources Limited. Following the approval of the Schemes on 12 September 2015, the scheme participants received 0.66 new shares in IGO and $0.52 cash per Sirius ordinary share.

The transaction was completed on 22 September 2015, resulting in cash consideration paid for the acquisition of Sirius of $250.6 million plus the issue of 275,842,684 shares in the Company. Suspension of trading of Sirius was in effect on close of business 10 September 2015. Implementation of the Schemes occurred on 22 September 2015 and integration of Sirius into the Group was completed during the December 2015 quarter. During this quarter, the Company also completed an Optimisation Study to bankable feasibility level which demonstrated a significant enhancement of the project value.

In July 2015, the Company entered into a Syndicated Facility Agreement (Facility Agreement) with National Australia Bank Limited, Australia and New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited for a $550 million unsecured committed term finance facility. The Facility Agreement comprises:

- A five year $350 million amortising term loan facility that was used to refinance the existing Nova Project finance facility, and provide funds for the continued development, construction and operation of the Nova Project; and
- A five year $200 million revolving loan facility that was used to partially fund the payment of the cash component of the Acquisition Scheme for Sirius (as discussed above) and transaction costs, in addition to providing funding for general corporate purposes.

There have been no other significant changes in the state of affairs of the Group during the year.

Events since the end of the financial year

On 31 August 2016, the Company announced that a final dividend for the year ended 30 June 2016 would be paid on 23 September 2016. The dividend is 2 cents per share and will be fully franked.

On 27 July 2016, the Company announced it was conducting a fully underwritten institutional placement (Placement) to raise approximately $250.0 million. The Placement comprised an issue of 66,666,667 new shares in the Company and was underwritten at a price of $3.75 per share (Placement Price).

The Company also conducted a non-underwritten Share Purchase Plan (SPP) to facilitate retail shareholder participation of up to $15,000 per eligible shareholder at the Placement Price, subject to an overall cap of $30 million (or approximately 8 million shares) (the Placement and SPP together being the Equity Raising). The SPP was oversubscribed, however in recognition of the strong interest in the SPP by eligible retail shareholders, the Company's Board resolved to accept all valid applications without any scale back. The SPP resulted in the issue of an additional 8,388,689 ordinary shares and raised $31.5 million.

The Company undertook the Equity Raising to strengthen its balance sheet and to provide greater financial flexibility to fund growth initiatives. Specifically, the Equity Raising provided funding for the remaining development capital expenditure for the Nova Project, reducing the requirement for further drawdown under the Company's existing debt facilities. The Equity Raising will also provide additional funds for the payment of residual acquisition costs (stamp duty), funding for debt repayment and general corporate purposes including working capital.

Events since the end of the financial year (continued)

Other than the above, there has been no other transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Environmental regulation

The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth and various States of Australia. During the year there were no non-compliance incidents.

The Group is subject to the reporting obligations of the National Greenhouse and Energy Reporting Act 2007, under which the Group reports its greenhouse emissions, energy consumption and production. Systems have been put in place to comply with these reporting requirements. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use.

The Environmental Policy is available in the Sustainability section of the Company's website.

Information on directors

Peter Bilbe - Chairman and Independent Non-executive Director	
Qualifications	BEng (Mining) (Hons), MAusIMM
Tenure	Board member since March 2009 and Chairman since July 2011.
Special responsibilities	Mr Bilbe is Chair of the Nomination Committee and a member of the Remuneration Committee, Audit Committee and Sustainability & Risk Committee.
Other directorships	Mr Bilbe is currently a director of Intermin Resources Limited. He was also previously a director of Northern Iron Limited and Sihayo Gold Limited.

Peter Bradford - Managing Director and Chief Executive Officer	
Qualifications	BAppSc (Extractive Metallurgy), FAusIMM, MSMME
Tenure	Managing Director and Board member since March 2014.
Special responsibilities	Mr Bradford is the executive in charge of the day to day management of the Group's activities, including operations, risk management and corporate development. He is also a member of the Nomination Committee and Sustainability & Risk Committee.
Other directorships	Mr Bradford was previously a director of PMI Gold Corporation and Asanko Gold Inc.

Peter Buck - Independent Non-executive Director	
Qualifications	M.Sc. (Geology), M.AusIMM
Tenure	Board member since October 2014.
Special responsibilities	Mr Buck is Chair of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Sustainability & Risk Committee.
Other directorships	Mr Buck is currently a non-executive director of Antipa Minerals Ltd.

Geoffrey Clifford - Independent Non-executive Director	
Qualifications	BBus, FCPA, FGIA, FAICD
Tenure	Board member since 2012.
Special responsibilities	Mr Clifford is Chair of the Audit Committee and a member of the Remuneration Committee, Nomination Committee and Sustainability & Risk Committee.
Other directorships	Mr Clifford is currently non-executive chairman of Saracen Mineral Holdings Limited.

Information on directors (continued)

Keith Spence - Independent Non-executive Director	
Qualifications	BSc (Geophysics) (Hons)
Tenure	Board member since December 2014.
Special responsibilities	Mr Spence is Chair of the Sustainability & Risk Committee and a member of the Remuneration Committee, Audit Committee and Nomination Committee.
Other directorships	Mr Spence is currently the non-executive Chairman of Geodynamics Limited and Base Resources Limited and a non-executive director of Oil Search Limited and Murray & Roberts Holdings Limited. Mr Spence was also previously a director of Clough Limited.

Neil Warburton - Non-executive Director from 12 October 2015	
Qualifications	Assoc. MinEng WASM, MAusIMM, FAICD
Tenure	Board member since his appointment on 12 October 2015.
Special responsibilities	Mr Warburton is a member of the Remuneration Committee, Audit Committee, Nomination Committee and Sustainability & Risk Committee.
Other directorships	Mr Warburton is currently a non-executive director of Australian Mines Limited and Namibian Copper Limited. He was previously a non-executive director of Sirius Resources NL and Peninsular Energy Limited and non-executive chairman of Red Mountain Mining Ltd.

Company secretary

Ms Joanne McDonald was appointed to the position of Company Secretary on 5 October 2015. Ms McDonald is a qualified Chartered Secretary with over 12 years' experience working for listed companies in Australia and the UK. Ms McDonald was previously Assistant Company Secretary with Paladin Energy Ltd and, during her eight years at Paladin, she also held the role of Company Secretary of Summit Resources Ltd. Ms McDonald is a Fellow of the Governance Institute Australia.

Mr Tony Walsh was Company Secretary until his resignation on 9 October 2015. Mr Walsh, who was also employed as the Company's General Manager, Corporate, had over 25 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions. Mr Walsh was a member of the West Australian State Council of the Governance Institute Australia and also a Fellow of the Governance Institute Australia and the Institute of Chartered Accountants in Australia.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each Board Committee held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

			Meetings of committees							
	Full meetings of directors		**Remuneration Committee**		**Audit Committee**		**Nomination Committee**		**Sustainability and Risk Committee**	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Peter Bilbe	12	12	5	5	6	6	3	3	5	5
Peter Bradford	12	12	**	**	**	**	3	3	5	5
Peter Buck	12	12	5	5	6	6	3	3	5	5
Geoffrey Clifford	12	12	5	5	6	6	3	3	5	5
Keith Spence	12	12	5	5	6	6	3	3	5	5
Neil Warburton[1]	8	8	2	2	2	2	1	1	1	1
Mark Bennett[2]	5	7	1	1	1	2	-	-	-	1

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
** = Not a member of the relevant committee
1. Appointed a Non-executive director on 12 October 2015

Directors interests in shares and share rights of the Company

At the date of this report, the interests of the Directors in the shares and share rights of Independence Group NL were as follows:

	Ordinary fully paid shares	Share rights
Peter Bilbe	24,000	-
Peter Bradford	599,680	392,756
Peter Buck	8,700	-
Geoffrey Clifford	-	-
Keith Spence	-	-
Neil Warburton	106,034	-
Total	738,414	392,756

Remuneration report

The Remuneration Report for the year ended 30 June 2016 outlines the Director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its regulations.

For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director, whether executive or otherwise of the Company. For the purposes of this report the term "Executive" includes the Managing Director, Chief Operating Officer, Chief Financial Officer, Chief Growth Officer, Sustainability Manager, Organisational Capability Manager and Company Secretary.

Details of KMP covered in this report

Non-executive and executive Directors (see pages 41 to 42 for details about each Director)	
Peter Bilbe	Chairman
Peter Bradford	Managing Director
Peter Buck	Non-executive Director
Geoffrey Clifford	Non-executive Director
Keith Spence	Non-executive Director
Neil Warburton (from 12 October 2015)	Non-executive Director
Mark Bennett (from 12 October 2015 until 31 May 2016)	Non-executive Director

Other key management personnel

Name	**Position**
Keith Ashby	Sustainability Manager
Rob Dennis (from 1 March 2016)	Chief Operating Officer
Matt Dusci	Chief Growth Officer
Joanne McDonald (from 5 October 2015)	Company Secretary
Sam Retallack	Organisational Capability Manager
Scott Steinkrug	Chief Financial Officer
Brett Hartmann (until 29 February 2016)	General Manager, Operations
Tony Walsh (until 9 October 2015)	Company Secretary and General Manager, Corporate

1. Prior to being appointed Chief Operating Officer, Mr Dennis held the role of General Manager, Project Development (from 22 September 2015) and prior to that Chief Operating Officer of Sirius Resources NL.
2. Mr Hartmann now holds the role of General Manager, Nova.

Remuneration Committee

The Company's Remuneration Committee (Committee) is made up entirely of non-executive directors, the majority of whom are independent. The Committee is charged with assisting the Board by reviewing and making appropriate recommendations on the following:

- the Company's remuneration policy and structure annually, to ensure it remains aligned to business needs and meets the Company's remuneration principles (including determining total fixed remuneration (TFR), short-term incentive (STI) key performance indicators and long-term incentive (LTI) performance hurdles, and vesting of STIs/LTIs);
- an executive remuneration policy for KMP (including reviewing and monitoring the ongoing appropriateness and relevance of the policy);
- equity based remuneration plans for KMP and other employees;
- superannuation arrangements; and
- remuneration by gender.

The Committee, chaired by Peter Buck, held five meetings during the year. Messrs Bilbe, Clifford, Spence and Warburton are also Committee members. The Managing Director is invited to attend those meetings which consider the remuneration strategy of the Group and recommendations in relation to Executives.

Further information on the Committee's role, responsibilities and membership can be found at www.igo.com.au.

Remuneration report (continued)

Remuneration Committee (continued)

Use of remuneration consultants

From time to time, the Committee engages external remuneration consultants to ensure it is fully informed when making remuneration decisions. During the year ended 30 June 2016 no remuneration recommendations, as defined by the *Corporations Act*, were provided by remuneration consultants. However, it did utilise data provided by AON Hewitt McDonald ($5,030), Mercer Consulting ($4,500), Godfrey Remuneration Group ($4,000) and Ernst and Young ($5,100) regarding salaries and benefits across the organisation.

Remuneration philosophy

The Board recognises that, as a mid-tier diversified mining company, there is an added complexity to the business that depends upon the quality of its Directors and Executives. To ensure the Company continues to succeed and grow, it must attract, motivate and retain highly skilled Directors and Executives.

The principles supporting the Company's remuneration policy are that:

- remuneration arrangements are competitive and reasonable to attract and retain key talent;
- remuneration is linked to the Company's strategic and business objectives and the creation of shareholder value; and
- individual reward is based on performance against a range of appropriate targets relating to the delivery of and execution of the Company's strategic plan.

Remuneration components

Component	Vehicle	Objective	Link to performance
Total fixed remuneration (TFR)	Base salary and superannuation contributions.	• To provide competitive fixed remuneration with reference to role, market and experience.	Annual performance of individual and the Company.
STI	Cash payments targeted at a percentage of TFR.	• To provide an 'at risk' incentive to reward for current year performance which aims to align individual's performance with achieving the overall strategic plan through the achievement of annual performance measures.	Combination of specific Company KPIs and Individual KPIs.
LTI	Performance rights based on a percentage of TFR.	• To provide an 'at risk' grant to incentivise and motivate executives to pursue the long-term growth and success of the Company which aligns to long-term shareholder value and the Company's long-term strategic objectives. • To support retention of executives and key personnel.	Total Shareholder Return percentile ranking over the 3 year performance period relative to a selected peer group.

Developments during FY16

Following extensive market research and the report prepared by Gerard Daniels in FY15 (as reported in the 2015 Annual Report) which examined the competitiveness of remuneration for Director's and executives employed by the Company, on the recommendation of the Committee the Board approved:

- no increase to the Managing Director's TFR for the second consecutive year;
- no general increase to executive TFR, except for instances of role change, for the second consecutive year;
- increase in potential STI award for the Managing Director from 40% to 50% of TFR;
- increase in potential STI award for executives from 15-25% to 30-40% of TFR; and
- no increase to Directors' fees, however additional committee chairman fees were introduced (see page 55 for details).

Remuneration report (continued)

2016 Executive remuneration

Remuneration for FY16 consisted of a mix of:

- fixed remuneration; and
- variable remuneration, comprising STIs and LTIs.

Fixed remuneration

Individual executives' TFR for FY16 were as follows:

Name	Position	TFR (30/6/2015) $	TFR (30/6/2016) $	TFR change in FY16 %
Peter Bradford	Managing Director	750,000	750,000	-
Keith Ashby	Sustainability Manager	333,975	333,975	-
Rob Dennis	Chief Operating Officer (appointed 1 March 2016)	n/a	498,225	n/a
Matt Dusci	Chief Growth Officer	390,000	390,000	-
Joanne McDonald	Company Secretary (appointed 5 October 2015)	n/a	280,000	n/a
Sam Retallack[1]	Organisational Capability Manager	223,963	333,975	49.6%
Scott Steinkrug	Chief Financial Officer	390,000	390,000	-
Brett Hartmann	General Manager, Operations (ceased 29 February 2016)	455,000	n/a	n/a
Tony Walsh	Company Secretary and General Manager, Corporate (ceased 9 October 2015)	390,000	n/a	n/a

1. Effective 1 July 2015, TFR increase due to change in role from Human Resources Manager to Organisational Capability Manager.

The Committee and Board consider the remuneration for Executive Management on an annual basis to ensure that the Company remains competitive and is able to attract and maintain key personnel.

In prior years, remuneration reviews have been based upon benchmark surveys or targeted market research on an alternating basis. For the 2016 review recommendations, the Committee relied upon benchmark surveys, including Aon McDonald, AusRem and Godfrey Remuneration Group. Further to this review, the following recommendations were approved by the Board for FY17:

- TFR for Managing Director increased by 6.7% to $800,000;
- TFR for Chief Growth Officer increased by 7.8% to $420,000; and
- TFR for Chief Financial Officer increased by 7.8% to $420,000.

The following table reflects remuneration components available to executives effective 1 July 2016:

Name	Position	TFR $	Potential STI %*	Potential LTI %*
Peter Bradford	Managing Director	800,000	70	70
Keith Ashby	Sustainability Manager	333,975	35	20
Rob Dennis	Chief Operating Officer (COO)	498,225	50	40
Matt Dusci	Chief Growth Officer (CGO)	420,000	50	40
Joanne McDonald	Company Secretary	280,000	35	20
Sam Retallack	Organisational Capability Manager	333,975	35	20
Scott Steinkrug	Chief Financial Officer (CFO)	420,000	50	40

* Potential STI and LTI are based on a % of TFR comprising base salary and superannuation only.

Remuneration report (continued)

2016 Executive remuneration (continued)

Fixed remuneration (continued)

The mix of fixed and at-risk remuneration varies depending on the role and grading of executives, and also depends on the performance of the Company and the individual.

If maximum at-risk remuneration were to be earned for FY17, the percentage of fixed to at-risk remuneration would be as follows:

Managing Director	TFR – 42%	STI – 29%	LTI – 29%
COO, CFO and CGO	TFR – 53%	STI – 26%	LTI – 21%
Other executive KMP	TFR – 65%	STI – 22%	LTI – 13%

Variable remuneration - STIs

STIs paid in FY16 were for the performance by eligible executives in FY15. The following table indicates the performance of KMP against FY15 KPIs:

Key Result Area	KPI Measure (in summary)*	Achievement
Sustainability (7.5%)	Assessed against improvement in LTIF and TRIF, completion of external review of EMS and SMS and preparation of Sustainability Report.	7.5%
People (7.5%)	Assessed against completion of Group restructure to align with Company strategy and implement vision and values across the organisation.	7.5%
Quality and communication (5%)	Assessed against implementation of standardised systems and processes across the Company and incorporation of risk management measures.	0%
Processes and outputs (15%)	Assessed against achievement of NPAT for FY15, improvement of reporting time lines to ASX and implementation and improvement of internal reporting systems. Stretch target achieved.	22.5%
Growth (15%)	Assessed against increase mine life at Jaguar and Long, identifying advanced stage exploration projects for acquisition and completion of acquisition of a producing/development stage asset.	12.5%
Individual KPIs/Personal performance (50%)	Assessed against increase in mine life at Jaguar and Long, identifying advanced stage exploration projects for acquisition and completion of acquisition of a producing/development stage asset.	37.5 - 47.5%

* Due to the sensitive nature of some corporate KPIs the full detail on measures and achievement is confidential.

The following table indicates performance against FY16 KPIs (corporate and individual) which will be paid in September 2016:

Remuneration report (continued)

2016 Executive remuneration (continued)

Variable remuneration - STIs (continued)

Key Result Area	KPI Measure (in summary)*	Achievement
Operations and financial (17.5%)	Assessed against Group underlying NPAT, Jaguar and Long production, Jaguar and Long mine life and Tropicana conceptual studies.	12.5%
Near-term growth (15%)	Assessed against completion of Sirius transaction, integration of Sirius assets and people, completion of Nova Project optimisation study and development timetable and expenditure. Stretch target achieved.	17.5%
Longer-term growth (10%)	Assessed against measures in line with growth strategy.	2.5%
Sustainability (7.5%)	Assessed against systems and processes and ESG measures.	5.0%
Individual KPIs/Personal performance (50%)	As determined for each individual executive	40-50%

* Due to the sensitive nature of some corporate KPIs the full detail on measures and achievement is confidential.

The KPIs are set and weighted at the beginning of each year and are designed to drive successful and sustainable financial and business outcomes, with reference to the Company's strategic plan. The Board assesses and sets the KPIs applicable to the Managing Director, and the Managing Director assesses and sets the KPIs for each of his direct reports in consultation with the Board.

The Board determined the KPIs above reflected the key result areas of the business. KPIs related to the operations and financial, near term growth and longer term growth were chosen as they are key future profitability drivers, the sustainability of the business is paramount, hence is included as a measure and individual KPIs focus on key performance elements that align to the Company's strategic plan and are within the executive's control.

As a result, STI payments for FY16 to executive KMP were recommended as detailed in the following table, and will be paid in September 2016.

The following table reflects eligible individual executives' potential STI components as a percentage of TFR against paid or to be paid amounts:

Name	Position	FY15 Potential STI[1] %	FY15 Paid[2] $	FY16 Potential STI[1] %	FY16 Declared[3] $
Peter Bradford	Managing Director	40	270,000	50	280,000
Keith Ashby	Sustainability Manager	-[4]	-	30	60,000
Rob Dennis[5]	Chief Operating Officer	n/a	n/a	40	120,000
Matt Dusci	Chief Growth Officer	25	90,000	40	120,000
Joanne McDonald[6]	Company Secretary	n/a	n/a	30	37,500
Sam Retallack	Organisational Capability Manager	25	35,000	30	60,000
Scott Steinkrug	Chief Financial Officer	25	90,000	40	120,000
Brett Hartmann	General Manager, Operations (ceased 29 February 2016)	25	90,000	n/a	n/a
Tony Walsh	Company Secretary and General Manager, Corporate (ceased 9 October 2015)	25	75,000	n/a	n/a

1. % of TFR (base salary plus superannuation).
2. Paid in September 2015.

Remuneration report (continued)

2016 Executive remuneration (continued)

Variable remuneration - STIs (continued)

3. To be paid in September 2016.
4. Not qualified as only commenced in April 2015 (minimum 5 months required).
5. Appointed Chief Operating Officer on 1 March 2016, previously General Manager, Project Development (from 22 September 2015) and prior to that Chief Operating Officer of Sirius Resources NL.
6. Pro-rata entitlement based on commencement date. Appointed Company Secretary on 5 October 2015.

The payment of STIs is subject to Board approval. The Board has the discretion to adjust remuneration outcomes higher or lower to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any STI.

Variable remuneration - LTIs

The LTI component of the remuneration package is to reward executive directors, senior managers and other invited employees of the Group in a manner which aligns a proportion of their remuneration package with the creation of shareholder wealth over a longer period than the STI.

The Independence Group NL Employee Performance Rights Plan (PRP) was approved by shareholders at the Annual General Meeting in November 2014. Under the PRP, participants are granted share rights for no consideration that will only vest if certain performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the PRP is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

To FY16, the Managing Director has the opportunity to earn 100% of his TFR as an LTI. All other executives have the opportunity to earn between 20-55% of their TFR as an LTI. From FY17, the LTI opportunity for the Managing Director will reduce to 70% of TFR and the LTI opportunity for all other executives will be between 20-40% of TFR.

During the period 643,911 share rights were issued as FY16 LTIs to executive KMP and senior staff in accordance with the PRP. Of this amount, 217,391 were issued to the Managing Director as approved by shareholders at the 2015 Annual General Meeting. The quantum of share rights is determined by the executive's TFR; the applicable multiplier; and the face value of the Company's shares, calculated as the 20 day volume weighted average price (VWAP).

The following share rights were issued to executive KMP in relation to FY16:

Name	Position	Number of share rights issued for FY15 period[1]	Number of share rights issued for FY16 period[2]
Peter Bradford	Managing Director	175,365	217,391
Keith Ashby	Sustainability Manager	n/a[3]	19,361
Rob Dennis	Chief Operating Officer	n/a[4]	78,116
Matt Dusci	Chief Growth Officer	50,154	62,174
Joanne McDonald	Company Secretary	n/a[5]	10,586[6]
Sam Retallack	Organisational Capability Manager	10,473	19,361
Scott Steinkrug	Chief Financial Officer	50,154	62,174
Brett Hartmann	General Manager, Operations (ceased 29 February 2016)	58,513	72,536
Tony Walsh[7]	Company Secretary and General Manager, Corporate (ceased 9 October 2015)	50,154	n/a

1. Share rights awarded at 20 day VWAP to 30 September 2014 of $4.28.
2. Share rights awarded at 20 day VWAP to 20 August 2015 of $3.45.
3. Not qualified as only appointed in April 2015.
4. Appointed KMP on 1 March 2016, prior to that held the role of General Manager, Project Development (from 22 September 2015) and prior to that Chief Operating Officer of Sirius Resources NL.
5. Appointed 5 October 2015.
6. Pro-rata entitlement based on commencement date.
7. Ceased to be an employee on 9 October 2015. In accordance with the PRP all unvested share rights lapsed and were cancelled.

Remuneration report (continued)

2016 Executive remuneration (continued)

Variable remuneration - LTIs (continued)

The number of share rights able to be issued under the PRP is limited to 5% of the issued capital. The 5% limit includes grants under all plans made in the previous five years (with certain exclusions under the *Corporations Act 2001).* This percentage now stands at 1.1%. There are no voting or dividend rights attached to the share rights.

Share rights granted after 1 July 2014

Vesting of the share rights granted to executive KMP after 1 July 2014 is based on a continuous service condition and a total shareholder return (TSR) scorecard.

Service condition

The service condition is met if employment with IGO is continuous for three years commencing on or around the grant date. The condition is aimed at retaining key personnel.

The treatment of LTI awards of executives, whose employment ceases prior to vesting, depends on the reason for cessation and is subject to Board discretion to determine otherwise. If, in the opinion of the Board, the executive acts fraudulently or dishonestly, or is in material breach of his or her obligations to any Group entity, then the Board in its absolute discretion may determine all the executive's unvested share rights will lapse and the Board's discretion will be final and binding.

Performance condition

The TSR scorecard for the three year measurement period will be determined based on a percentile ranking of the Company's TSR results relative to the TSR of each of the companies in the peer group over the same three year measurement period. Reflecting on market practice, the Board considers that relative TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to the return received by shareholders from holding shares in a company over a particular period. There is no re-testing provision of the TSR performance condition following the initial testing at the end of the three year measurement period.

The peer group is to comprise the constituents of the S&P ASX 300 Metals and Mining Index who are engaged in gold and/or base metals mining in Australia and have the closest market capitalisation to the Company.

The vesting schedule of the share rights subject to relative TSR testing is as follows:

Relative TSR performance	Level of vesting
Less than 50th percentile	Zero
Between 50th and 75th percentile	Pro-rata straight line percentage between 50% and 100%
75th percentile or better	100%

The Company's TSR performance for share rights issued during FY16 will be assessed against the following 20 peer group companies:

Peer Group		
Aditya Birla Minerals Ltd[1]	Alacer Gold Corp.	Beadell Resources Ltd
Cudeco Ltd	Evolution Mining Limited	Kingsgate Consolidated Limited
Medusa Mining Ltd	Metals X Limited	Mincor Resources NL
Northern Star Resources Limited	Oceana Gold Limited	Oz Minerals Ltd
Panoramic Resources Ltd	Perseus Mining Limited	Regis Resources Limited
Resolute Mining Limited	Saracen Mineral Holdings Limited	Sandfire Resources Ltd
Silver Lake Resources Limited	Western Areas Ltd	

1. To be removed from peer group of companies following takeover of the company.

Share trading policy

The trading of shares issued to participants under the PRP is subject to, and conditional upon, compliance with the Company's Dealing in Securities Standard. The Standard also prohibits all employees, including Directors and senior management, from entering into any hedging arrangement over unvested securities issued pursuant to any share scheme, performance rights plan or option plan.

Remuneration report (continued)

2016 Executive remuneration (continued)

Variable remuneration - LTIs (continued)

Shares rights granted prior to 30 June 2014

Vesting of the share rights granted to executive KMP prior to 30 June 2014 is subject to a combination of the Company's shareholder return and return on equity. The performance rights will vest if, over the three year measurement period, the following performance hurdles are achieved:

Shareholder return

The vesting of 75% of the share rights at the end of the third year will be based on measuring the actual shareholder return over the three year period compared with the change in the S&P ASX 300 Metals and Mining Index (Index) over that same period. The portion of share rights (75% of the total) that will vest based on the comparative shareholder return will be:

Shareholder return	Level of vesting
100% of the Index	25%
Between 100% and 115% of the Index	Pro-rata straight line percentage
115% of the Index or greater	100%

Return on equity

The vesting of the remaining 25% of the share rights at the end of the third year will be based on the average return on equity over the three year period compared with the average target return on equity as set by the Board for the same period.

Return on equity (ROE) for each year will be calculated in accordance with the following formula:

ROE = Net profit after tax / Total shareholders' equity

The target ROE will be set each year by the Board as part of the budget approval process for the following year. The target ROE used in previous financial years was 10%. The portion of share rights (25% of the total) that will vest based on the comparative return on equity will be:

Actual ROE	Level of vesting
100% of average target ROE	25%
Between 100% and 115% of average target ROE	Pro-rata straight line percentage
115% of average target ROE or greater	100%

Long term incentive - Non-executive directors

The PRP permits non-executive directors to be eligible employees and therefore to participate in the plan. It is not currently intended that non-executive directors will be issued with share rights under the PRP and any such issue would be subject to all necessary shareholder approvals.

Developments for FY17

FY16 has been a year of continued development for the Company. During this period the Committee has continued to focus on the employee remuneration to ensure that the Company remains market competitive and can attract, motivate and retain the diverse range of skilled people that are essential to achieve its strategic objectives and maximise the alignment of employee performance and shareholder value.

Following a review of the Company's Remuneration and Rewards policies a number of changes have been made which will have effect from 1 July 2016. The completed changes will be reported in more detail in the 2017 Remuneration Report, however a summary of the key elements has been provided below:

Remuneration report (continued)

Developments for FY17 (continued)

Executive Management STI

- To date the STI has been a 100% cash payment. In order to further align the interests of shareholders and management, from FY17 the STI will be paid annually as a cash payment (50%) and service rights (50%). The service rights will vest in two tranches, with the first tranche of 50% vesting after 12 months following the award and the second tranche of 50% vesting after 24 months;
- Clawback provisions will be put in place for any unvested STI and LTI awards in the case of fraud, dishonesty, gross misconduct or a material misstatement of the financial statements and subject to Board discretion;
- In the event of a takeover or change of control of the Company, the Board will have discretion to determine the treatment of the unvested STI and LTI awards which may include pro-rata vesting; and
- The LTI measurement period will remain at three years and the performance measurement will continue to be relative TSR, however, a gateway will be put in place to provide the Board with the overriding discretion to adjust the LTI vesting if TSR is negative over the period.

Group-wide Remuneration

A number of changes have been made to the Company's group-wide Total Rewards Framework to ensure the Company continues to attract, motivate and retain the best people. The key highlights being:

- A revised benchmarking policy and job banding system;
- Payment of a competitive and equitable total fixed remuneration that incorporates a "pay for performance" increment;
- Revision of the STI program; and
- Agreement to launch an Employee Share Ownership Plan in FY17 (subject to shareholder approval).

Company performance and remuneration

The Company aims to align its executive remuneration to the strategic and business objectives of the Group and the creation of shareholder value. The table below shows measures of the Group's financial performance over the last five years as required by the *Corporations Act 2001*. These measures are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs as other internal measures are used to drive these results.

	2016	**2015**	**2014**	**2013**	**2012**
Revenue ($millions)	413.2	495.3	399.1	225.9	216.6
Profit (loss) for the year attributable to owners of ($millions)	(58.8)	76.8	48.6	18.3	(285.3)
Dividends payments (cents/share)	2.5	11.0	7.0	5.0	2.0
Share price at year end ($/share)	3.28	4.17	4.35	2.26	3.16

Executive Contracts

Remuneration and other terms of employment for the executives are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below.

Remuneration report (continued)

Executive Contracts (continued)

Name	Position	Term of agreement	Base salary including super-annuation $	Notice period	Termination benefit
Peter Bradford	Managing Director	No fixed term	800,000	6 months	6 months[1]
Keith Ashby	Sustainability Manager	No fixed term	333,975	3 months	6 months
Rob Dennis	Chief Operating Officer	No fixed term	498,255	3 months	6 months
Matt Dusci	Chief Growth Officer	No fixed term	420,000	3 months	6 months
Joanne McDonald	Company Secretary	No fixed term	280,000	3 months	6 months
Sam Retallack	Organisational Capability Manager	No fixed term	333,975	3 months	6 months
Scott Steinkrug	Chief Financial Officer	No fixed term	420,000	3 months	6 months

1. In addition to the above, Mr Bradford is entitled to a maximum termination benefit payable of up to 12 months of average annual base salary should the Company terminate the employment contract without cause, but only if such payment would not breach ASX Listing Rules. A termination benefit of three month's remuneration is payable to Mr Bradford should the Company terminate the employment contract due to illness, injury or incapacity.

Remuneration expenses for KMP's

The following table shows the cash value of earnings realised by executive KMP during FY16. The cash value of earnings realised include cash salary, superannuation and cash bonuses received in cash during the year and the intrinsic value of LTI vesting during the financial year.

This is in addition and different to the disclosures required by the *Corporations Act* and Accounting Standards, particularly in relation to share rights. As a general principle, the Accounting Standards require a value to be placed on share rights based on probabilistic calculations at the time of grant, which may be reflected in the remuneration report even if ultimately the share rights do not vest because performance and service hurdles are not met. By contrast, this table discloses the intrinsic value of share rights, which represents only those share rights which actually vest and result in shares issued to a KMP. The intrinsic value is the Company's closing share price on the date of vesting.

Name	Fixed Remuneration[1] $	STI[2] $	LTI[3] $	Total Actual Remuneration $
Peter Bradford	750,000	270,000	-	1,020,000
Keith Ashby	333,975	-	-	333,975
Rob Dennis[4]	171,690	-	-	171,690
Matt Dusci	390,000	90,000	-	480,000
Joanne McDonald[5]	187,345	-	-	187,345
Sam Retallack	333,975	35,000	42,732	411,707
Scott Steinkrug	390,000	90,000	161,147	641,147
Brett Hartmann[6]	305,062	90,000	173,696	568,758
Tony Walsh[7]	123,847	75,000	-	198,847

1. Includes base salary and superannuation.
2. Represents the amount paid in the financial year for performance in FY15.
3. Value of share rights granted in FY12 and vesting on 6 August 2015 at a market price of $3.44.
4. Appointed to KMP on 1 March 2016.
5. Appointed to KMP on 5 October 2015.
6. Ceased to be a KMP on 29 February 2016.
7. Ceased employment with the Company on 9 October 2015.

Remuneration report (continued)

Remuneration expenses for KMP's (continued)

The following tables show details of the remuneration received by the Group's KMP for the current and previous financial year.

		Short-term employee benefits		Post-employment benefits	Long-term benefits	Share based payments	
Name		Cash salary and fees[1]	Cash bonus[2]	Super-annuation	Long service leave[3]	Share rights[4]	Total
		$	$	$	$	$	$
Non-executive Directors							
Peter Bilbe	2016	219,178	-	20,822	-	-	240,000
	2015	195,914	-	18,615	-	-	214,529
Peter Buck[5]	2016	123,288	-	11,712	-	-	135,000
	2015	81,398	-	7,732	-	-	89,130
Geoffrey Clifford	2016	123,288	-	11,712	-	-	135,000
	2015	102,312	-	9,721	-	-	112,033
Keith Spence[6]	2016	123,288	-	11,712	-	-	135,000
	2015	59,162	-	5,620	-	-	64,782
Neil Warburton[7]	2016	79,286	-	7,532	-	-	86,818
	2015	-	-	-	-	-	-
Mark Bennett[8]	2016	70,154	-	6,655	-	-	76,809
	2015	-	-	-	-	-	-
Executive Directors							
Peter Bradford	2016	717,681	270,000	35,000	11,028	279,523	1,313,232
	2015	757,217	-	35,000	5,869	165,311	963,397
Other key management personnel							
Keith Ashby[9]	2016	317,920	-	28,975	2,555	4,828	354,278
	2015	77,013	-	6,805	263	-	84,081
Matt Dusci[10]	2016	370,584	82,192	30,000	3,951	65,773	552,500
	2015	348,730	-	28,524	1,246	27,469	405,969
Sam Retallack	2016	331,045	31,963	30,000	12,173	15,325	420,506
	2015	204,351	18,265	21,237	5,070	45,865	294,788
Scott Steinkrug	2016	369,564	82,192	33,835	11,132	121,899	618,622
	2015	378,608	38,356	30,000	9,414	136,016	592,394
Rob Dennis[11]	2016	157,269	-	14,540	1,748	12,277	185,834
	2015	-	-	-	-	-	-
Joanne McDonald[12]	2016	174,784	-	16,254	709	2,640	194,387
	2015	-	-	-	-	-	-
Brett Hartmann[13]	2016	246,379	82,192	27,808	7,093	86,016	449,488
	2015	429,856	45,662	36,575	14,489	149,036	675,618
Tony Walsh[14]	2016	121,487	68,493	16,407	(5,198)	(113,303)	87,886
	2015	351,860	38,356	35,000	3,950	83,716	512,882

Remuneration report (continued)

Remuneration expenses for KMP's (continued)

1. Cash salary and fees includes movements in annual leave provision during the year.
2. Cash bonus excludes superannuation contribution component of STI which is shown in Post-employment benefits.
3. Long service leave relates to movements in long service leave provision during the year.
4. Rights to shares granted under the PRP are expensed over the performance period, which includes the vesting period of the rights, in accordance with AASB 2 *Share-based Payment*. Refer to note 26 for details of the valuation techniques used for the PRP.
5. Mr Buck was appointed a Non-executive Director effective 3 October 2014.
6. Mr Spence was appointed a Non-executive Director effective 17 December 2014.
7. Mr Warburton was appointed a Non-executive Director on 12 October 2015.
8. Mr Bennett was appointed a Non-executive Director on 12 October 2015 and resigned effective 31 May 2016.
9. Mr Ashby commenced employment as Sustainability Manager with the Company on 7 April 2015.
10. Mr Dusci commenced employment as General Manager, New Business with the Company on 27 July 2014.
11. Mr Dennis was appointed Chief Operating Officer effective 1 March 2016, having previously held the role of General Manager, Project Development (from 22 September 2015) and prior to that Chief Operating Officer, Sirius Resources NL.
12. Ms McDonald commenced employment as Company Secretary on 5 October 2015.
13. Effective 1 March 2016, Mr Hartmann became the General Manager, Nova, having previously held the role of Chief Operating Officer.
14. Mr Walsh ceased employment with the Company on 9 October 2015.

Non-executive director remuneration policy

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Non-executive directors do not participate in share or bonus schemes designed for executive directors or employees.

The remuneration of Non-executive directors is fixed to encourage impartiality, high ethical standards and independence on the Board. The available non-executive directors' fees pool is $1,500,000 which was approved by shareholders at the Annual General Meeting on 16 December 2015, of which $885,000 was being utilised at 30 June 2016 (2015: $590,000).

The Board resolved not to increase directors' fees for FY16, however it was resolved to approve additional fees for Audit Committee, Remuneration Committee and Sustainability and Risk Committee chairmen of $15,000 per annum; and an additional fee for Nomination Committee chairman of $10,000 per annum.

The Board resolved, for a second consecutive year, not to increase directors' fees for FY17.

Non-executive directors may provide additional consulting services to the Group, at a rate approved by the Board. No such amounts were paid to Directors during the current year.

Base fees/Committee fees	**30 June 2016 $**	**30 June 2015 $**
Chairman	230,000	230,000
Non-executive directors	120,000	120,000
Chair Audit Committee	15,000	n/a
Chair Remuneration Committee	15,000	n/a
Chair Sustainability and Risk Committee	15,000	n/a
Chair Nomination Committee	10,000	n/a

Remuneration report (continued)

Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense:

Name	Fixed remuneration[1]		At risk - STI		At risk - LTI	
	2016 %	2015 %	**2016 %**	2015 %	**2016 %**	2015 %
Executive Directors of Independence Group NL						
Peter Bradford	**58**	83	**21**	-	**21**	17
Other key management personnel of the group						
Keith Ashby	**99**	100	**-**	-	**1**	-
Rob Dennis	**93**	-	**-**	-	**7**	-
Matt Dusci	**72**	93	**16**	-	**12**	7
Joanne McDonald	**99**	-	**-**	-	**1**	-
Sam Retallack	**88**	78	**8**	6	**4**	16
Scott Steinkrug	**66**	71	**14**	6	**20**	23
Brett Hartmann	**61**	71	**20**	7	**19**	22
Tony Walsh	**63**	76	**37**	8	**-**	16

1. Fixed remuneration paid is not based upon any measurable performance indicators. Non-performance based remuneration is based on relative industry remuneration levels and is set at a level designed to retain the services of the director or senior executive.

(ii) Performance based remuneration granted and forfeited during the year

The table below shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited. It also shows the value of share rights that were granted, vested and forfeited during FY16. The number of share rights and percentages vested/forfeited for each grant are disclosed on page 57 below.

	Total STI bonus (cash)			LTI Share Rights		
2016	**Total opportunity $**	**Awarded %**	**Forfeited %**	**Value granted[1] $**	**Value vested[2] $**	**Value forfeited[2] $**
Peter Bradford	300,000	90	10	399,913	-	-
Keith Ashby[3]	-	-	-	23,186	-	-
Rob Dennis[3]	-	-	-	93,548	-	-
Matt Dusci	97,500	92	8	74,456	-	-
Joanne McDonald[3]	-	-	-	12,677	-	-
Sam Retallack	35,250	99	1	23,806	42,893	13,553
Scott Steinkrug	90,000	92	8	74,456	96,468	32,158
Brett Hartmann	113,750	79	21	86,865	103,982	34,661
Tony Walsh	97,500	77	23	-	-	-

1. The value at grant date for share rights granted during the year as part of remuneration is calculated in accordance with AASB 2 *Share-based Payment*. Refer to note 26 for details of the valuation techniques used for the PRP.
2. Value of shares vested and forfeited is based on the value of the share right at grant date.
3. Not eligible for STI as not employed by the Company in FY15 or did not meet the minimum qualifying period.

Remuneration report (continued)

Additional statutory information (continued)

(iii) Terms and conditions of the share-based payment arrangements

Rights to deferred shares

Rights to deferred shares under the Company's PRP are granted annually. The shares vest after three years from the start of the financial year. On vesting, each right automatically converts into one ordinary share. The executives do not receive any dividends and are not entitled to vote in relation to the rights during the vesting period. If an executive ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the Board.

The value at grant date for share rights granted during the year as part of remuneration is calculated in accordance with AASB 2 *Share-based Payment*. Refer to note 26 for details of the valuation techniques used for the PRP.

Grant date	Vesting date	Grant date value
22 January 2016	1 July 2018	$1.20
16 December 2015	1 July 2018	$1.56
9 January 2015	1 July 2017	$2.55
20 November 2014	1 July 2017	$2.84
28 February 2014	1 July 2016	$2.14
28 February 2013	1 July 2015	$2.06

(iv) Reconciliation of share rights shares held by KMP

The table below shows the number of share rights that were granted, vested and forfeited during the year.

		Balance at the start of the year	Granted during the year	Vested[1]		Forfeited[2]		Balance at the end of the year (unvested)	Maximum value yet to vest
Name	**Year granted**	**Number**	**Number**	**Number**	**%**	**Number**	**%**	**Number**	**$**
Peter Bradford	2016	-	217,391	-	-	-	-	217,391	226,609
	2015	175,365	-	-	-	-	-	175,365	165,765
Keith Ashby	2016	-	19,361	-	-	-	-	19,361	18,357
Matt Dusci	2016		62,174	-	-	-	-	62,174	58,951
	2015	50,154	-	-	-	-	-	50,154	50,131
Rob Dennis	2016		78,116	-	-	-	-	78,116	81,271
Joanne McDonald	2016	-	10,586	-	-	-	-	10,586	10,037
Sam Retallack[3]	2016	-	19,361	-	-	-	-	19,361	18,357
	2015	10,473	-	-	-	-	-	10,473	10,468
	2014	16,347	-	12,422	76	3,925	24	-	-
Scott Steinkrug	2016	-	62,174	-	-	-	-	62,174	58,971
	2015	50,154	-	-	-	-	-	50,154	50,131
	2014	66,272	-	-	-	-	-	66,272	-
	2013	62,461	-	46,845	75	15,616	25	-	-
Brett Hartmann	2016	-	72,536	-	-	-	-	72,536	68,776
	2015	58,513	-	-	-	-	-	58,513	58,486
	2014	71,421	-	-	-	-	-	71,421	-
	2013	67,324	-	50,493	75	16,831	25	-	-
Tony Walsh[4]	2015	50,154	-	-		50,154	100	-	-
	2014	66,596	-	-	-	66,596	100	-	-

Remuneration report (continued)

Additional statutory information (continued)

(iv) Reconciliation of share rights shares held by KMP (continued)

1. The Company achieved shareholder return over the 3 year period to 30 June 2015 of greater than 115% of the S&P ASX 300 Metals and Mining Index (Index) resulting in 100% vesting of the share rights attributable to shareholder return (75%).
2. The Company achieved less than 100% of average target Return on Equity (ROE) for the 3 year period to 30 June 2015 resulting in 0% vesting of the share rights attributable to ROE (25%).
3. Share rights vesting to Ms Retallack in the FY16 year relate to the grant of share rights prior to being a KMP and were based on a combination of shareholder return and personal performance. The Company achieved shareholder return over the one year period to 30 June 2014 of greater than 115% of the Index resulting in 100% vesting of the share rights attributable to shareholder return (40%). Ms Retallack's personal performance return for the year ended 30 June 2014 resulted in 60% vesting of the share rights attributable to personal performance (60%).
4. Share rights forfeited following resignation of KMP during the year.

(v) Shareholdings of KMP

The number of ordinary shares in the Company held by each director and other KMP, including their personally related entities, are set out below.

2016

Name	Balance at the start of the period	Received on vesting of share rights	Other changes during the period[1]	Balance at the end of the year
Directors of Independence Group NL				
Peter Bilbe	20,000	-	-	20,000
Peter Bradford	250,000	-	345,680	595,680
Peter Buck	4,700	-	-	4,700
Geoffrey Clifford	-	-	-	-
Keith Spence	-	-	-	-
Neil Warburton[2]	-	-	103,368	103,368
Other key management personnel				
Keith Ashby	-	-	53,885	53,885
Rob Dennis	-	-	16,644	16,644
Matt Dusci	9,900	-	-	9,900
Joanne McDonald	-	-	-	-
Sam Retallack	7,443	12,422	-	19,865
Scott Steinkrug	-	46,845	-	46,845
Brett Hartmann	40,000	50,493	(90,493)	-
Tony Walsh	-	-	-	-
Total	**332,043**	**109,760**	**429,084**	**870,887**

1. Shareholdings are reversed to show a zero balance at 30 June 2016 on resignation as a director or ceasing to be a KMP.
2. Other changes during the year include opening balances on becoming a KMP for the first time during the year.

(vi) Other transactions with KMP

During the current financial year, there were no other transactions with KMP or their related parties.

(vii) Voting of shareholders at last year's annual general meeting

Independence Group NL received more than 99% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Shares under option

At the reporting date, there were no unissued ordinary shares under options, nor were there any ordinary shares issued during the year ended 30 June 2016 on the exercise of options.

Insurance of officers and indemnities

During the financial year, the Company paid an insurance premium in respect of a contract insuring the Directors and executive officers of the Company and of any related body corporate against a liability incurred as such a Director or executive officer to the extent permitted by the Corporations Law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred by such an officer.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor BDO Audit (WA) Pty Ltd for non-audit services provided during the year are set out below.

The Directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* nor the principles set out in APES110 *Code of Ethics for Professional Accountants*.

During the period the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2016 **$**	2015 $
Other services		
BDO Audit (WA) Pty Ltd firm:		
Other services in relation to the entity and any other entity in the consolidated Group	**38,158**	35,913
Total remuneration for non-audit services	**38,158**	35,913

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 60.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporation Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

Peter Bradford
Managing Director

Perth, Western Australia
Dated this 30th day of August 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF INDEPENDENCE GROUP NL

As lead auditor of Independence Group NL for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Independence Group NL and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 30 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Revenue from continuing operations	2	**413,188**	495,326
Other income	3	**3,862**	3,268
Mining, development and processing costs		**(139,931)**	(135,352)
Employee benefits expense		**(66,975)**	(63,841)
Share-based payments expense		**(819)**	(2,949)
Fair value movement of financial investments		**2,374**	1,467
Depreciation and amortisation expense		**(99,695)**	(98,551)
Rehabilitation and restoration borrowing expense		**(707)**	(590)
Exploration costs expensed		**(19,720)**	(25,263)
Royalty expense		**(12,557)**	(15,647)
Ore tolling expense		**(10,092)**	(12,297)
Shipping and wharfage costs		**(16,143)**	(19,539)
Borrowing and finance costs		**(76)**	(1,566)
Impairment of exploration and evaluation expenditure	15	**(35,518)**	(3,461)
Acquisition and other integration costs		**(65,137)**	-
Other expenses		**(11,266)**	(11,044)
(Loss) profit before income tax		**(59,212)**	109,961
Income tax benefit (expense)	5	**442**	(33,182)
(Loss) profit for the period		**(58,770)**	76,779
Other comprehensive income			
Items that may be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges, net of tax		**404**	2,038
Exchange differences on translation of foreign operations		**-**	(8)
Other comprehensive income for the period, net of tax		**404**	2,030
Total comprehensive (loss) income for the period		**(58,366)**	78,809
(Loss) profit for the period attributable to the members of Independence Group NL		**(58,770)**	76,779
Total comprehensive (loss) income for the period attributable to the members of Independence Group NL		**(58,366)**	78,809

		Cents	Cents
(Loss) earnings per share for (loss) profit attributable to the ordinary equity holders of the Company:			
Basic (loss) earnings per share	6	**(13.12)**	32.78
Diluted (loss) earnings per share	6	**(13.12)**	32.47

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**46,264**	121,296
Trade and other receivables	8	**30,900**	22,086
Inventories	9	**46,498**	40,298
Financial assets at fair value through profit or loss	10	**5,017**	15,574
Derivative financial instruments	20	**784**	4,981
Total current assets		**129,463**	204,235
Non-current assets			
Receivables		**14**	18
Inventories	9	**31,995**	24,979
Property, plant and equipment	13	**47,309**	47,244
Mine properties	14	**1,470,851**	303,300
Exploration and evaluation expenditure	15	**107,533**	109,930
Deferred tax assets	5	**219,427**	130,517
Derivative financial instruments	20	**799**	-
Total non-current assets		**1,877,928**	615,988
TOTAL ASSETS		**2,007,391**	820,223
LIABILITIES			
Current liabilities			
Trade and other payables	11	**107,132**	40,476
Borrowings	16	**43,154**	510
Derivative financial instruments	20	**2,487**	2,384
Provisions	12	**6,901**	7,274
Total current liabilities		**159,674**	50,644
Non-current liabilities			
Borrowings	16	**222,672**	-
Derivative financial instruments	20	**-**	717
Provisions	12	**68,305**	29,387
Deferred tax liabilities	5	**100,949**	73,980
Total non-current liabilities		**391,926**	104,084
TOTAL LIABILITIES		**551,600**	154,728
NET ASSETS		**1,455,791**	665,495
EQUITY			
Contributed equity	17	**1,601,458**	737,324
Reserves	18	**12,873**	16,191
Accumulated losses		**(158,540)**	(88,020)
TOTAL EQUITY		**1,455,791**	665,495

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Issued capital $'000	Accumulated losses $'000	Hedging reserve $'000	Share-based payments reserve $'000	Acquisition reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
1 July 2014	735,060	(139,031)	(2,038)	12,372	3,142	-	609,505
Profit for the period	-	76,779	-	-	-	-	76,779
Other comprehensive income							
Currency translation differences - current period	-	-	-	-	-	(8)	(8)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	2,038	-	-	-	2,038
Total comprehensive income for the period	-	76,779	2,038	-	-	(8)	78,809
Transactions with owners in their capacity as owners:							
Dividends paid	-	(25,768)	-	-	-	-	(25,768)
Share-based payments expense	-	-	-	2,949	-	-	2,949
Issue of shares - Employee Performance Rights Plan	2,264	-	-	(2,264)	-	-	-
Balance at 30 June 2015	737,324	(88,020)	-	13,057	3,142	(8)	665,495

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Issued capital $'000	Accumulated losses $'000	Hedging reserve $'000	Share-based payments $'000	Acquisition reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
1 July 2015	737,324	(88,020)	-	13,057	3,142	(8)	665,495
Adjustment on adoption of AASB 9 (net of tax)	-	1,036	(1,036)	-	-	-	-
Restated total equity at the 1 July 2015	737,324	(86,984)	(1,036)	13,057	3,142	(8)	665,495
Loss for the period	-	(58,770)	-	-	-	-	(58,770)
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	404	-	-	-	404
Total comprehensive loss for the period	-	(58,770)	404	-	-	-	(58,366)
Transactions with owners in their capacity as owners:							
Dividends paid	-	(12,786)	-	-	-	-	(12,786)
Share-based payments expense	-	-	-	819	-	-	819
Issue of shares - Employee Performance Rights Plan	3,505	-	-	(3,505)	-	-	-
Shares issued on acquisition of subsidiary	860,629	-	-	-	-	-	860,629
Balance at 30 June 2016	1,601,458	(158,540)	(632)	10,371	3,142	(8)	1,455,791

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**441,317**	527,425
Payments to suppliers and employees (inclusive of goods and services tax)		**(320,926)**	(300,592)
		120,391	226,833
Interest and other costs of finance paid		**(6,915)**	(1,054)
Interest received		**1,587**	1,351
Payments for exploration expenditure		**(20,032)**	(25,742)
Receipts from other operating activities		**163**	325
Net cash inflow from operating activities		**95,194**	201,713
Cash flows from investing activities			
Payments for property, plant and equipment		**(10,711)**	(16,602)
Proceeds from sale of property, plant and equipment and other investments		**16,961**	336
Payments for purchase of listed investments		**(1,605)**	(13,085)
Payments for development expenditure		**(215,489)**	(44,118)
Payments for capitalised exploration and evaluation expenditure		**(10,586)**	(12,417)
Payment for acquisition of subsidiary, net of cash acquired		**(202,052)**	-
Net cash (outflow) from investing activities		**(423,482)**	(85,886)
Cash flows from financing activities			
Proceeds from borrowings		**271,000**	-
Repayment of borrowings		**-**	(25,000)
Transaction costs associated with borrowings		**(5,355)**	(142)
Repayment of finance lease liabilities		**(510)**	(3,497)
Payment of dividends	19	**(12,786)**	(25,768)
Net cash inflow (outflow) from financing activities		**252,349**	(54,407)
Net (decrease) increase in cash and cash equivalents		**(75,939)**	61,420
Cash and cash equivalents at the beginning of the period		**121,296**	56,972
Effects of exchange rate changes on cash and cash equivalents		**907**	2,904
Cash and cash equivalents at the end of the period	7	**46,264**	121,296

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

About this report

Independence Group NL is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the directors' report.

The financial report of Independence Group NL (the Company) and its subsidiaries (collectively, the Group) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 29 August 2016.

Basis of preparation

This financial report is a general purpose financial report, prepared by a for-profit entity, which:

- Has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Has been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment;
- Is presented in Australian dollars with values rounded to the nearest thousand dollars or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission "ASIC Corporation Legislative Instrument 2016/191";
- Presents comparative information where required for consistency with the current year's presentation;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2015 as disclosed in note 31; and
- Does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective with the exception of AASB 9 *Financial Instruments* (December 2010) as amended by 2013-0 (AASB 9 (2013)) including consequential amendments to other standards which was adopted on 1 July 2015. Refer to note 31 for further details.

This financial report has been re-designed with the aim of streamlining and improving readability. The notes to the consolidated financial statements have been organised into logical groupings to help users find and understand the information. Where possible, related information has been provided in the same note.

Key estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

Note 5	Income tax expense
Note 9	Inventories
Note 12	Provisions
Note 13	Property, plant and equipment
Note 14	Mine properties
Note 15	Exploration and evaluation expenditure
Note 26	Share-based payments

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in note 23.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Performance

This section of the notes includes segment information and provides further information on key line items relevant to financial performance that the Directors consider most relevant, including accounting policies, key judgements and estimates relevant to understanding these items.

1 Segment information

(a) Identification of reportable segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Group operates in predominantly only one geographic segment (ie. Australia) and has identified the following operating segments, being the Tropicana Operation, the Long Operation, the Jaguar Operation, the Nova Project and New Business and Regional Exploration Activities (New Business).

The Tropicana Operation represents the Group’s 30% joint venture interest in the Tropicana Gold Mine. AngloGold Ashanti Australia Limited (AngloGold Ashanti) is the manager of the project and holds the remaining 70% interest. Programs and budgets are provided by AngloGold Ashanti and are considered for approval by the Company's Board.

The Long Operation produces primarily nickel, together with copper, from which its revenue is derived. Revenue derived by the Long Operation is received from one customer, being BHP Billiton Nickel West Pty Ltd. The Registered Manager of the Long Operation is responsible for the budgets and expenditure of the operation, which includes exploration activities on the mine’s tenure. The Long Operation and exploration properties are owned by the Group’s wholly owned subsidiary Independence Long Pty Ltd.

The Jaguar Operation primarily produces copper and zinc concentrate. Revenue is derived from a single customer. The General Manager of the Jaguar Operation is responsible for the budgets and expenditure of the operation, responsibility for ore concentrate sales rests with the Chief Operating Officer. The Jaguar Operation and exploration properties are owned by the Group’s wholly owned subsidiary Independence Jaguar Pty Ltd.

The Nova Project was acquired by the Company following the acquisition of Sirius Resources NL in September 2015. The Nova Project comprises the construction and development of the Nova nickel, copper and cobalt mine, located east of Norseman in Western Australia. The General Manager of the Nova Project is responsible for the budgets and expenditure of the Project. During the construction phase, the Project Manager has responsibility for construction budgets and costs.

The Group’s Chief Growth Officer is responsible for budgets and expenditure relating to the Group’s regional exploration, scoping studies, feasibility studies and new business development. The New Business division does not normally derive any income. Should a project generated by the New Business division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from New Business and become reportable in a different segment.

1 Segment information (continued)

(b) Segment results

Year ended 30 June 2016	Tropicana Operation $'000	Long Operation $'000	Jaguar Operation $'000	Nova Project $'000	New Business and Regional Exploration Activities $'000	Total $'000
Revenue from external customers	214,998	63,796	132,773	-	-	411,567
Other revenue	-	130	214	-	30	374
Total segment revenue	214,998	63,926	132,987	-	30	411,941
Segment net operating profit (loss) before income tax	64,330	(3,532)	17,317	(196)	(57,405)	20,514
Total segment assets	840,174	65,738	145,892	1,213,261	111,412	2,376,477
Total segment liabilities	36,813	35,200	22,816	682,152	33,588	810,569
Acquisition of property, plant and equipment	4,540	1,638	1,779	516	-	8,473
Impairment loss before tax	-	-	-	-	35,518	35,518
Depreciation and amortisation	50,282	22,503	25,703	-	79	98,567
Other non-cash expenses	233	32	246	196	-	707
Year ended 30 June 2015						
Revenue from external customers	218,966	110,834	163,675	-	-	493,475
Other revenue	-	589	341	-	28	958
Total segment revenue	218,966	111,423	164,016	-	28	494,433
Segment net operating profit (loss) before income tax	76,117	32,110	47,585	-	(32,514)	123,298
Total segment assets	645,071	92,546	134,569	-	112,424	984,610
Total segment liabilities	31,748	36,180	24,374	-	33,914	126,216
Acquisition of property, plant and equipment	1,652	4,622	8,256	-	5	14,535
Impairment loss before tax	-	1,229	-	-	2,232	3,461
Depreciation and amortisation	55,931	21,949	19,671	-	97	97,648
Other non-cash expenses	319	32	239	-	-	590

1 Segment information (continued)

(c) Segment revenue

A reconciliation of reportable segment revenue to total revenue is as follows:

	2016 $'000	2015 $'000
Revenue from external customers	**411,941**	494,433
Other revenue from continuing operations	**1,247**	893
Total revenue	**413,188**	495,326

Revenues for the Long Operation are all derived from a single customer, being BHP Billiton Nickel West Pty Ltd.

Revenues for the Jaguar Operation were derived from a single customer during the year.

Revenues for the Tropicana Operation were derived from various customers during the year.

(d) Segment net profit (loss) before income tax

A reconciliation of reportable segment net profit before income tax to net (loss) profit before income tax is as follows:

	2016 $'000	2015 $'000
Segment net operating profit before income tax	**20,514**	123,298
Interest revenue on corporate cash balances and other unallocated revenue	**1,247**	893
Unrealised gains on financial assets	**2,396**	1,467
Share-based payments expense	**(819)**	(2,949)
Other corporate costs and unallocated other income	**(17,349)**	(11,363)
Borrowing and finance costs	**(64)**	(1,385)
Acquisition and other integration costs	**(65,137)**	-
Total net (loss) profit before tax	**(59,212)**	109,961

(e) Segment assets

A reconciliation of reportable segment assets to total assets is as follows:

	2016 $'000	2015 $'000
Total assets for reportable segments	**2,376,477**	984,610
Intersegment eliminations	**(616,812)**	(389,508)
Unallocated assets:		
Deferred tax assets	**219,427**	130,517
Listed equity securities	**4,989**	15,524
Cash and receivables held by the parent entity	**18,967**	75,812
Office and general plant and equipment	**4,343**	3,268
Total assets as per the balance sheet	**2,007,391**	820,223

1 Segment information (continued)

(f) Segment liabilities

A reconciliation of reportable segment liabilities to total liabilities is as follows:

	2016 $'000	2015 $'000
Total liabilities for reportable segments	**810,569**	126,216
Intersegment eliminations	**(690,382)**	(55,005)
Unallocated liabilities:		
Deferred tax liabilities	**100,949**	73,980
Creditors and accruals	**63,358**	8,225
Provision for employee entitlements	**1,280**	1,312
Bank loans	**265,826**	-
Total liabilities as per the balance sheet	**551,600**	154,728

2 Revenue

	2016 $'000	2015 $'000
Sales revenue		
Sale of goods	**411,567**	493,475
	411,567	493,475
Other revenue		
Interest revenue	**1,458**	1,396
Other revenue	**163**	455
	1,621	1,851
Total revenue	**413,188**	495,326

(a) Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence indicating that there has been a transfer of risks and rewards to the customer.

Sales revenue comprises gross revenue earned, net of treatment and refining charges where applicable, from the provision of product to customers, and includes hedging gains and losses. Sales are initially recognised at estimated sales value when the product is sold. Adjustments are made for variations in metals price, assay, weight and currency between the time of sale and the time of final settlement of sales proceeds.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

3 Other income

	2016 $'000	2015 $'000
Net gain on disposal of property, plant and equipment	**-**	211
Net foreign exchange gains	**907**	2,892
Net gain on sale of investments	**1,433**	-
Net gain on disposal of tenements	**1,522**	165
	3,862	3,268

4 Expenses and losses

	2016 $'000	2015 $'000
Cost of sale of goods	**233,880**	239,745
Employee benefits expenses	**66,975**	63,841
Share-based payments expense	**819**	2,949
Exploration costs expensed	**19,720**	25,263
Rental expense relating to operating leases	**1,473**	1,273
Rehabilitation and restoration borrowing costs	**707**	590
Impairment of exploration and evaluation expenditure	**35,518**	3,461
Net loss of sale of property, plant and equipment	**219**	-
Amortisation expense	**84,843**	81,911
Depreciation		
Depreciation expense	**15,759**	16,640
Less : amounts capitalised	**(907)**	-
Depreciation expensed	**14,852**	16,640
Borrowing and finance costs		
Borrowing and finance costs - other entities	**10,729**	857
Amortisation of borrowing costs	**402**	709
Less: amounts capitalised	**(11,055)**	-
Finance costs expensed	**76**	1,566

5 Income tax

(a) Income tax expense

	2016 $'000	2015 $'000
The major components of income tax expense are:		
Deferred income tax expense	**17,087**	15,841
Current income tax (benefit) expense	**(17,529)**	17,341
Income tax (benefit) expense	**(442)**	33,182
Deferred income tax revenue (expense) included in income tax expense comprises:		
(Increase) decrease in deferred tax assets	**(25,141)**	22,068
Increase in deferred tax liabilities	**24,699**	11,114
Income tax (benefit) expense	**(442)**	33,182

5 Income tax (continued)

(b) Amounts recognised directly in equity

	2016 $'000	2015 $'000
Deferred income tax benefit (expense) related to items charged or credited to other comprehensive income:		
Recognition of hedge contracts	**173**	1,074
Income tax expense reported in equity	**173**	1,074

(c) Numerical reconciliation of income tax expense to prima facie tax payable

	2016 $'000	2015 $'000
(Loss) profit from continuing operations before income tax expense	**(59,212)**	109,961
Tax (benefit) expense at the Australian tax rate of 30% (2015: 30%)	**(17,764)**	32,988
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**(1,378)**	(318)
Non-deductible costs associated with acquisition of subsidiary	**19,234**	-
Other non-deductible items	**17**	296
Previously unrecognised capital losses brought to account	**(721)**	(52)
Difference in overseas tax rates	**20**	42
Overseas tax losses not brought to account	**56**	116
Adjustments for current tax of prior periods	**94**	110
Income tax (benefit) expense	**(442)**	33,182

(d) Reconciliation of carry forward tax losses, income tax paid and effective income tax rate

	2016 $'000	2015 $'000
Tax effected balances at 30%		
Carry forward tax losses at the beginning of the year	**92,958**	110,299
Tax losses arising (recouped) from current income tax benefit (expense)	**17,529**	(17,341)
Tax losses acquired through business combination	**56,019**	-
Income tax paid during the year	**-**	-
Carry forward tax losses at the end of the year	**166,506**	92,958

Effective income tax rate	**-%**	-%

5 Income tax (continued)

(e) Deferred tax assets and liabilities

	Balance Sheet		Profit or loss		Equity		Acquisition of Subsidiary	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Deferred tax liabilities								
Capitalised exploration expenditure	**(20,393)**	(24,914)	**(4,521)**	(6,021)	**-**	-	**-**	-
Mine properties	**(73,270)**	(44,443)	**26,853**	18,851	**-**	-	**1,974**	-
Deferred gains and losses on hedging contracts	**(1,440)**	(1,467)	**(323)**	(697)	**296**	1,264	**-**	-
Trade debtors	**(3,932)**	(1,377)	**2,555**	(1,508)	**-**	-	**-**	-
Consumable inventories	**(1,700)**	(1,748)	**(48)**	489	**-**	-	**-**	-
Other	**(214)**	(31)	**183**	-	**-**	-	**-**	-
Gross deferred tax liabilities	**(100,949)**	(73,980)	**24,699**	11,114	**296**	1,264	**1,974**	-
Deferred tax assets								
Property, plant and equipment	**21,370**	20,640	**(730)**	3,379	**-**	-	**-**	-
Deferred losses on hedged commodity contracts	**1,711**	904	**(684)**	1,148	**(123)**	(190)	**-**	-
Concentrate inventories	**-**	398	**398**	(366)	**-**	-	**-**	-
Business-related capital allowances	**5,007**	908	**1,554**	494	**-**	-	**(5,653)**	-
Provision for employee entitlements	**2,654**	2,700	**46**	(313)	**-**	-	**-**	-
Provision for rehabilitation	**19,908**	8,298	**(9,636)**	(1,093)	**-**	-	**(1,974)**	-
Mining information	**1,022**	1,392	**370**	1,288	**-**	-	**-**	-
Carry forward tax losses	**166,506**	92,958	**(17,529)**	17,341	**-**	-	**(56,019)**	-
Other	**1,249**	2,319	**1,070**	190	**-**	-	**-**	-
Gross deferred tax assets	**219,427**	130,517	**(25,141)**	22,068	**(123)**	(190)	**(63,646)**	-
Deferred tax expense (benefit)	**118,478**	56,537	**(442)**	33,182	**173**	1,074	**(61,672)**	-

(f) Tax losses

In addition to the above recognised tax losses, the Group also has the following capital tax losses for which no deferred tax asset has been recognised:

	2016 $'000	2015 $'000
Unrecognised capital tax losses	**-**	2,403
Potential tax benefit @ 30% (2015: 30%)	**-**	721

(g) Recognition and measurement

Current taxes

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

5 Income tax (continued)

(g) Recognition and measurement (continued)

Current taxes (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(h) Significant estimates

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probably that future forecast taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the relevant tax legislation associated with their recoupment.

The Australian consolidated tax group has recognised a deferred tax asset relating to carry forward tax losses of $166,506,000 at 30 June 2016 (2015: $92,958,000). The utilisation of this deferred tax asset amount depends upon future taxable amounts in excess of profits arising from the reversal of temporary differences. The Group believes this amount to be recoverable based on taxable income projections.

6 Earnings per share

(a) Earnings used in calculating earnings per share

Loss used in calculating basic and diluted earnings per share attributable to ordinary equity holders of the parent is $58,770,000 (2015: $76,779,000 profit).

(b) Weighted average number of shares used as the denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**448,064,084**	234,248,549
Adjustments for calculation of diluted earnings per share:		
Share rights	**-**	2,183,588
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**448,064,084**	236,432,137

(c) Information concerning the classification of securities

Share rights

There are share rights granted to executives and employees under the Company's Employee Performance Rights Plan that are not included in the calculation of diluted earnings per share because they are anti-dilutive for the current period. Share rights have been included in the determination of diluted earnings per share in the prior period to the extent that they were dilutive. The rights are not included in the determination of basic earnings per share. Further information about the share rights is provided in note 26.

(d) Calculation of earnings per share

(i) ***Basic earnings per share***

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) ***Diluted earnings per share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Working Capital Provisions

This section of the notes provides further information about the Group's working capital and provisions, including accounting policies and key judgements and estimates relevant to understanding these items.

7 Cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and in hand	**46,235**	121,247
Deposits at call	**29**	49
	46,264	121,296

The Group has cash balances of $2,360,000 (2015: $2,226,000) not generally available for use as the balances are held by the Tropicana Joint Venture and may only be used in relation to joint venture expenditure.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 21.

(a) Reconciliation of (loss) profit after income tax to net cash inflow from operating activities

	2016 $'000	2015 $'000
(Loss) profit for the period	**(58,770)**	76,779
Depreciation and amortisation	**99,695**	98,551
Impairment of exploration and evaluation expenditure	**35,518**	3,461
Net (gain) loss on sale of non-current assets	**(2,736)**	(376)
Fair value of movement of financial investments	**(2,374)**	(1,467)
Non-cash employee benefits expense - share-based payments	**819**	2,949
Amortisation of borrowing expenses	**27**	709
Amortisation of lease incentive	**(72)**	(55)
Foreign exchange gains (losses) on cash balances	**(907)**	(2,904)
Change in operating assets and liabilities:		
(Increase) decrease in trade receivables	**(6,488)**	11,348
(Increase) in inventories	**(12,914)**	(16,091)
(Increase) decrease in deferred tax assets	**(25,264)**	21,878
(Increase) decrease in other operating receivables and prepayments	**2,254**	(686)
(Increase) decrease in derivative financial instruments	**3,359**	(1,971)
(Decrease) increase in trade and other payables	**37,985**	(2,539)
(Decrease) increase in deferred tax liabilities	**24,822**	11,304
(Decrease) increase in other provisions	**240**	823
Net cash inflow from operating activities	**95,194**	201,713

(b) Recognition and measurement

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

8 Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables	**21,561**	13,481
GST Receivable	**3,804**	1,924
Sundry debtors	**2,741**	3,442
Prepayments	**2,794**	3,239
	30,900	22,086

No balances within trade and other receivables contain impaired assets. The balance of trade receivables includes amounts of $1,448,000 (2015: $nil) that are past due but not impaired.

(a) Change in accounting policy

The Group has early adopted AASB 9 *Financial Instruments* (AASB 9) with effect from 1 July 2015. AASB 9 introduces a new impairment model for financial assets at amortised cost (including trade receivables). The new model did not have a material impact on the Group's assessment of its doubtful debt provision for the 2016 financial year which was assessed as $nil.

(b) Recognition and measurement

(i) Trade receivables

Trade receivables are generally received up to four months after the shipment date. The receivables are initially recognised at fair value.

Trade receivables are subsequently revalued by the marking-to-market of open sales. The Group determines mark-to-market prices using forward prices at each period end for copper and zinc concentrates and nickel ore.

(ii) Impairment of trade receivables

Collectibility of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An allowance is made for doubtful debts based on credit losses expected over the life of the trade receivable taking into account information about past events, current conditions and forecasts of further economic conditions. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

9 Inventories

	2016 $'000	2015 $'000
Current		
Mine spares and stores - at cost	**16,368**	16,103
ROM inventory - at cost	**19,513**	9,670
Concentrate inventory - at cost	**7,058**	4,726
Concentrate inventory - at net realisable value	**-**	5,696
Work in progress - gold in process	**1,175**	881
Gold in circuit	**1,145**	798
Gold dore	**1,239**	2,424
	46,498	40,298

Non-current		
ROM inventory - at cost	**31,995**	24,979
	31,995	24,979

9 Inventories (continued)

(a) Classification of inventory

Inventory classified as non-current relates to 0.6g/t to 1.2g/t grade gold ore stockpiles which are not intended to be utilised within the next 12 months but will be utilised beyond that period.

(b) Recognition and measurement

(i) Ore, concentrate and gold inventories

Inventories, comprising copper and zinc in concentrate, gold dore, gold in circuit and ore stockpiles, are valued at the lower of weighted average cost and net realisable value. Costs include fixed direct costs, variable direct costs and an appropriate portion of fixed overhead costs. A portion of the related depreciation, depletion and amortisation charge is included in the cost of inventory.

(ii) Stores and fuel

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion, and the estimated costs necessary to make the sale.

The recoverable amount of surplus items is assessed regularly on an ongoing basis and written down to its net realisable value when an impairment indicator is present.

(c) Key estimates and judgements

The Group reviews the carrying value of inventories regularly to ensure that their cost does not exceed net realisable value. In determining net realisable value various factors are taken into account, including estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the amount of contained metal based on assay data, and the estimated recovery percentage based on the expected processing method.

10 Financial assets at fair value through profit or loss

	2016 $'000	2015 $'000
Shares in Australian listed and unlisted companies - at fair value through profit or loss	**5,017**	15,574
	5,017	15,574

(a) Amounts recognised in profit or loss

During the current year, the changes in fair values of financial assets resulted in a gain to the profit or loss of $2,374,000 (2015: $1,467,000). Changes in fair values of financial assets at fair value through profit or loss are recorded in fair value of financial investments in the profit or loss.

(b) Recognition and measurement

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, ie are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

11 Trade and other payables

	2016 $'000	2015 $'000
Current liabilities		
Trade payables	**9,933**	8,918
Other payables	**97,199**	31,558
	107,132	40,476

(a) Recognition and measurement

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

12 Provisions

	2016 $'000	2015 $'000
Current		
Provision for employee entitlements	**6,901**	7,274
	6,901	7,274

	2016 $'000	2015 $'000
Non-current		
Provision for employee entitlements	**1,946**	1,727
Provision for rehabilitation costs	**66,359**	27,660
	68,305	29,387

(a) Movements in provisions

Movements in the provision for rehabilitation costs during the financial year are set out below:

	2016 $'000	2015 $'000
Carrying amount at beginning of financial year	**27,660**	24,018
Additional provision	**31,439**	3,120
Additional provision on acquisition of subsidiary	**6,579**	-
Rehabilitation and restoration borrowing costs expense	**707**	590
Payments during the period	**(26)**	(68)
Carrying amount at end of financial year	**66,359**	27,660

(b) Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

12 Provisions (continued)

(b) Recognition and measurement (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as rehabilitation and restoration borrowing expense in the profit or loss.

(i) ***Rehabilitation and restoration***

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining lives of the mines.

Annual increases in the provision relating to the change in the net present value of the provision are recognised as finance costs. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

(ii) ***Employee benefits***

The provision for employee benefits represents annual leave and long service leave entitlements accrued by employees.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(c) Key estimates and judgements

Rehabilitation and restoration provisions

The provision for rehabilitation and restoration costs is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Long service leave

Long service leave is measured at the present value of benefits accumulated up to the end of the reporting period. The liability is discounted using an appropriate discount rate. Management requires judgement to determine key assumptions used in the calculation, including future increases in salaries and wages, future on-costs rates and future settlement dates of employees' departures.

Invested Capital

This section of the notes provides further information about property, plant and equipment, mine properties and exploration and evaluation expenditure and the carrying amount of these non-financial assets, including accounting policies, key judgements and estimates relevant to understanding these items.

13 Property, plant and equipment

	Land and buildings $'000	Mining plant and equipment $'000	Furniture, fittings and other equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2016						
Cost	39,383	133,754	11,773	5,900	2,534	193,344
Accumulated depreciation and impairment	(20,288)	(114,240)	(7,704)	(3,803)	-	(146,035)
Net book amount	19,095	19,514	4,069	2,097	2,534	47,309
Movements						
Opening net book amount	20,041	20,086	2,467	1,219	3,431	47,244
Acquisition of subsidiary	1,113	1,010	510	788	11	3,432
Additions	412	6,045	1,777	780	1,378	10,392
Transfers	1,332	2,297	847	70	(2,286)	2,260
Disposals	(127)	(87)	(22)	(24)	-	(260)
Depreciation charge	(3,676)	(9,837)	(1,510)	(736)	-	(15,759)
Closing net book amount	19,095	19,514	4,069	2,097	2,534	47,309
Year ended 30 June 2015						
Cost	36,176	127,953	8,490	4,440	3,431	180,490
Accumulated depreciation and impairment	(16,135)	(107,867)	(6,023)	(3,221)	-	(133,246)
Net book amount	20,041	20,086	2,467	1,219	3,431	47,244
Movements						
Opening net book amount	23,424	16,916	2,609	3,874	407	47,230
Additions	112	11,009	926	383	3,338	15,768
Transfers	70	3,628	185	(2,536)	(314)	1,033
Disposals	-	(127)	-	(20)	-	(147)
Depreciation charge	(3,565)	(11,340)	(1,253)	(482)	-	(16,640)
Closing net book amount	20,041	20,086	2,467	1,219	3,431	47,244

(a) Leased assets

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

	2016 $'000	2015 $'000
Leased equipment		
Cost	**-**	3,903
Accumulation depreciation	**-**	(3,424)
Net book amount	**-**	479

13 Property, plant and equipment (continued)

(b) Non-current assets pledged as security

Refer to note 16 for information on non-current assets pledged as security by the Group.

(c) Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. It also includes the direct cost of bringing the asset to the location and condition necessary for first use and the estimated future cost of rehabilitation, where applicable. The assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using either units-of-production or straight-line depreciation as follows:

Depreciation periods are primarily:	
Buildings	5 - 10 years
Mining plant and equipment	2 - 10 years
Motor vehicles	3 - 8 years
Furniture and fittings	3 - 10 years
Leased assets	3 - 4 years

Depreciation is expensed as incurred, unless it relates to an asset or operation in the construction phase, in which case it is capitalised.

Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss from derecognising the asset (being the difference between the proceeds of disposal and the carrying amount of the asset) is included in the profit or loss in the period the item is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(d) Key estimates and judgements

The estimations of useful lives, residual values and depreciation methods require significant management judgements and are regularly reviewed. If they need to be modified, the depreciation and amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).

14 Mine properties

	Mine properties in development $'000	Mine properties in production $'000	Total mine properties $'000
Year ended 30 June 2016			
Cost	**1,197,011**	**685,668**	**1,882,679**
Accumulated amortisation and impairment	**-**	**(411,828)**	**(411,828)**
Net book amount	**1,197,011**	**273,840**	**1,470,851**
Movements			
Opening net book amount	**-**	**303,300**	**303,300**
Additions	**200,273**	**47,057**	**247,330**
Acquisition of subsidiary	**984,776**	**-**	**984,776**
Transfers from exploration and evaluation expenditure	**-**	**10,586**	**10,586**
Transfers to property, plant and equipment	**-**	**(2,260)**	**(2,260)**
Amortisation expense	**-**	**(84,843)**	**(84,843)**
Borrowing costs capitalised	**11,055**	**-**	**11,055**
Depreciation expense capitalised	**907**	**-**	**907**
Closing net book amount	**1,197,011**	**273,840**	**1,470,851**
Year ended 30 June 2015			
Cost	-	630,285	630,285
Accumulated amortisation and impairment	-	(326,985)	(326,985)
Net book amount	-	303,300	303,300
Movements			
Opening net book amount	-	329,279	329,279
Additions	-	46,356	46,356
Transfers from exploration and evaluation expenditure	-	10,609	10,609
Transfers to property, plant and equipment	-	(1,033)	(1,033)
Amortisation expense	-	(81,911)	(81,911)
Closing net book amount	-	303,300	303,300

(a) Recognition and measurement

(i) Mine properties

Mine properties in development

Mine properties in development represent the expenditure incurred when technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, and includes the costs incurred up until such time as the asset is capable of being operated in a manner intended by management. These costs are not amortised but the carrying value is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

14 Mine properties (continued)

(a) Recognition and measurement (continued)

(i) ***Mine properties (continued)***

Mine properties in production

Mine properties in production represent the accumulation of all acquisition, exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of the mineral resource has commenced. When further development expenditure, including waste development and stripping, is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a units-of-production basis, with separate calculations being made for each mineral resource. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of mine properties exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

(ii) ***Deferred stripping***

Stripping activity costs incurred in the development phase of a mine are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units-of-production basis.

Stripping activity incurred during the production phase of a mine is assessed as to whether the benefit accruing from that activity is to provide access to ore that can be used to produce ore inventory, or whether it in addition provides improved access to ore that will be mined in future periods.

To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the Group accounts for those stripping activity costs in accordance with AASB102 *Inventories*. A stripping activity asset is brought to account if it is probable that future economic benefits (improved access to the ore body) will flow to the Group, the component of the ore body for which access has been improved can be identified and costs relating to the stripping activity can be measured reliably.

The amount of stripping activity costs that are capitalised is determined based on a comparison of the stripping ratio in the relevant period with the life of mine stripping ratio. To the extent that there is a period of sustained stripping that exceeds the average life of mine stripping ratio, mine waste stripping costs are capitalised to the stripping activity asset. Such capitalised costs are amortised over the life of that mine on a units-of-production basis. The life of mine ratio is based on ore reserves of the mine. Changes to the life of mine are accounted for prospectively.

(b) Key estimates and judgements

(i) ***Proved and probable ore reserves***

The Group uses the concept of a life of mine as an accounting value to determine the amortisation of mine properties. In determining life of mine, the Group prepares ore reserve estimates in accordance with the JORC Code 2012, guidelines prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The estimate of these proved and probable ore reserves, by their very nature, require judgements, estimates and assumptions.

Where the proved and probable reserve estimates need to be modified, the amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised mine life (for both the current and future years).

(ii) ***Deferred stripping***

The Group defers advanced stripping costs incurred during the production stage of its operations. This calculation requires the use of judgements and estimates, such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result. Changes in a mine's life and design may result in changes to the expected stripping ratio (waste to mineral reserves ratio). Any resulting changes are accounted for prospectively.

15 Exploration and evaluation

	Jaguar Operation $'000	Long Operation $'000	Nova Project $'000	Stockman Project $'000	Karlawinda $'000	Total $'000
Year ended 30 June 2016						
Opening net book amount	8,235	-	-	100,716	979	109,930
Acquisition of subsidiary	-	-	34,100	-	-	34,100
Additions	3,152	7,434	-	-	-	10,586
Disposals	-	-	-	-	(979)	(979)
Impairment charge	(2,985)	-	-	(32,533)	-	(35,518)
Transfer to mine properties in production	(3,152)	(7,434)	-	-	-	(10,586)
Closing net book amount	5,250	-	34,100	68,183	-	107,533

	Jaguar Operation $'000	Long Operation $'000	Nova Project $'000	Stockman Project $'000	Karlawinda $'000	Total $'000
Year ended 30 June 2015						
Opening net book amount	9,888	-	-	100,716	979	111,583
Additions	1,611	10,806	-	-	-	12,417
Impairment charge	(2,232)	(1,229)	-	-	-	(3,461)
Transfer to mine properties in production	(1,032)	(9,577)	-	-	-	(10,609)
Closing net book amount	8,235	-	-	100,716	979	109,930

(a) Impairment

The Group recognised impairment charges of $35,518,000 during the current reporting period (2015: $3,461,000).

An amount of $32,533,000 related to the Stockman Project, which is an exploration asset reported within the New Business and Regional Exploration Activities segment. The circumstances and events that led to the recognition of the impairment loss emerged following an assessment for the existence of impairment triggers as at 31 December 2015 in accordance with AASB6 *Exploration for and Evaluation of Mineral Resources.* The recognised impairment charge has been determined with reference to the recoverable amount of the asset being assessed based on its fair value less costs of disposal.

The Company adopted a discounted cash flow fair value model to arrive at the recoverable amount. Key assumptions include a post-tax real discount rate of 10.2%, and five year average commodity prices as follows: Copper: USD5,380 per tonne, Zinc: USD2,076 per tonne, Silver: USD16.50 per ounce and foreign exchange: USD:AUD 0.72.

(b) Recognition and measurement

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.

Exploration and evaluation expenditure is expensed to the profit or loss as incurred except in the following circumstances in which case the expenditure may be capitalised:

- The existence of a commercially viable mineral deposit has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure; and
- The exploration and evaluation activity is within an area of interest which was acquired as an asset acquisition or in a business combination and measured at fair value on acquisition.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

15 Exploration and evaluation (continued)

(b) Recognition and measurement (continued)

Upon approval for the commercial development of an area of interest, exploration and evaluation assets are tested for impairment and transferred to 'Mine properties in development'. No amortisation is charged during the exploration and evaluation phase.

(c) Key estimates and judgements

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

The Group reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amount.

Capital structure and financing activities

This section of the notes provides further information about the Group's borrowings, contributed equity, reserves and dividends, including accounting policies relevant to understanding these items.

16 Borrowings

	2016 $'000	2015 $'000
Current		
Secured		
Lease liabilities	**-**	510
Unsecured		
Bank loans	**43,154**	-
Total current borrowings	**43,154**	510

	2016 $'000	2015 $'000
Non-current		
Unsecured		
Bank loans	**222,672**	-
Total non-current borrowings	**222,672**	-

(a) Corporate loan facility

On 16 July 2015, the Company entered into a Syndicated Facility Agreement (Facility Agreement) with National Australia Bank Limited, Australia and New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited for a $550,000,000 unsecured committed term finance facility. The Facility Agreement comprises:

- A five year $350,000,000 amortising term loan facility that was used to refinance the existing Nova Project finance facility, and provide funds for the continued development, construction and operation of the Nova Project; and
- A five year $200,000,000 revolving loan facility that was used to partially fund the payment of the cash component of the Acquisition Scheme for Sirius Resources NL and transaction costs, in addition to providing funding for general corporate purposes.

The Facility Agreement replaced the existing Corporate Loan Facility (Loan Facility) which the Company previously had with National Australia Bank. The Loan Facility comprised a corporate debt facility of $20,000,000, an asset finance facility of $20,000,000 and a contingent instrument facility of $20,000,000.

Total capitalised transaction costs to 30 June 2016 are $5,549,000 (2015: $nil). Transaction costs are accounted for under the effective interest rate method. These costs are incremental costs that are directly attributable to the loan and include loan origination fees, commitment fees and legal fees. At 30 June 2016, a balance of unamortised transaction costs of $5,174,000 (2015: $nil) was offset against the bank loans contractual liability of $271,000,000 (2015: $nil).

Borrowing costs of $11,055,000 (2015: $nil) relate to a qualifying asset (Nova Project) and have been capitalised in accordance with AASB 123 *Borrowing Costs*. Refer to note 14.

The Facility Agreement has certain financial covenants that the Company has to comply with. All such financial covenants have been complied with in accordance with the Facility Agreement.

(b) Assets pledged as security

There were no assets pledged as security at 30 June 2016 (2015: $nil).

16 Borrowings (continued)

(c) Financing arrangements

The Group had access to the following financing arrangements at the reporting date:

	2016 $'000	2015 $'000
Total facilities		
Corporate debt facility	**550,000**	20,000
Asset finance facility	**-**	20,000
Contingent instrument facility[1]	**1,315**	20,000
	551,315	60,000
Facilities used as at reporting date		
Corporate debt facility	**271,000**	-
Asset finance facility	**-**	510
Contingent instrument facility	**1,315**	1,315
	272,315	1,825
Facilities unused as at reporting date		
Corporate debt facility	**279,000**	20,000
Asset finance facility	**-**	19,490
Contingent instrument facility	**-**	18,685
	279,000	58,175

1. This facility provides financial backing in relation to non-performance of third party guarantee requirements.

(d) Recognition and measurement

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs and amortised over the period of the remaining facility.

(ii) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

17 Contributed equity

(a) Share capital

	2016 $'000	2015 $'000
Fully paid issued capital	**1,601,458**	737,324

17 Contributed equity (continued)

(a) Share capital (continued)

(b) Movements in ordinary share capital

Details	2016 Number of shares	2016 $'000	2015 Number of shares	2015 $'000
Balance at beginning of financial year	234,256,573	737,324	233,323,905	735,060
Issue of shares under the Employee Performance Rights Plan	1,323,614	3,505	932,668	2,264
Acquisition of subsidiary	275,842,684	860,629	-	-
Balance at end of financial year	511,422,871	1,601,458	234,256,573	737,324

(c) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

Operating cash flows are used to maintain and expand the Group's operating and exploration assets, as well as to make dividend payments. The Board and management assess various financial ratios to determine the Group's debt levels and capital structure prior to making any major investment or expansion decisions.

None of the Group's entities are currently subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year.

(d) Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

18 Reserves

	2016 $'000	2015 $'000
Hedging reserve	**(632)**	-
Share-based payments reserve	**10,371**	13,057
Foreign currency translation	**(8)**	(8)
Acquisition reserve	**3,142**	3,142
	12,873	16,191

(a) Movements in reserves

The following table shows a breakdown of the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

18 Reserves (continued)

(a) Movements in reserves (continued)

	Hedging reserve $'000	Share- based payments reserve $'000	Acquisition reserve $'000	Foreign currency translation reserve $'000	Total $'000
Balance at 1 July 2015	-	13,057	3,142	(8)	16,191
Reclassification on adoption of AASB 9, net of tax	(1,036)	-	-	-	(1,036)
Adjusted balance at 1 July 2015	(1,036)	13,057	3,142	(8)	15,155
Revaluation - gross	577	-	-	-	577
Deferred tax	(173)	-	-	-	(173)
Share-based payment expenses	-	819	-	-	819
Issue of shares under the Employee Performance Rights Plan	-	(3,505)	-	-	(3,505)
Balance at 30 June 2016	(632)	10,371	3,142	(8)	12,873
Balance at 1 July 2014	(2,038)	12,372	3,142	-	13,476
Revaluation - gross	4,349	-	-	-	4,349
Deferred tax	(1,305)	-	-	-	(1,305)
Transfer to profit or loss - gross	(1,237)	-	-	-	(1,237)
Deferred tax	231	-	-	-	231
Currency translation differences - current period	-	-	-	(8)	(8)
Share-based payment expenses	-	2,949	-	-	2,949
Issue of shares under the Employee Performance Rights Plan	-	(2,264)	-	-	(2,264)
Balance at 30 June 2015	-	13,057	3,142	(8)	16,191

(b) Nature and purpose of reserves

Hedging reserve

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Share-based payments reserve

The share-based payments reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 26 for further details of these plans.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Acquisition reserve

The acquisition reserve is used to record differences between the carrying value of non-controlling interests and the fair value of the shares issued, where there has been a transaction involving non-controlling interests that do not result in a loss of control. The reserve is attributable to the equity of the parent.

19 Dividends paid and proposed

(a) Ordinary shares

	2016 $'000	2015 $'000
Final ordinary dividend for the year ended 30 June 2015 of 2.5 cents (2014: 5 cents) per fully paid share	**12,786**	11,713
Interim dividend for the year ended 30 June 2016 of nil cents (2015: 6 cents) per fully paid share	**-**	14,055
Total dividends paid during the financial year	**12,786**	25,768

(b) Dividends not recognised at the end of the reporting period

	2016 $'000	2015 $'000
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 2 cents (2015: 2.5 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 23 September 2016 out of retained earnings at 30 June 2016, but not recognised as a liability at year end, is:	**11,734**	12,786

(c) Franked dividends

	2016 $'000	2015 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2015: 30%)	**42,373**	47,845

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $5,029,000 (2015: $5,480,000).

(d) Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the balance sheet date.

Risk

This section of the notes includes information on the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

20 Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. The Group has the following derivative financial instruments:

	2016 $'000	2015 $'000
Current assets		
Commodity hedging contracts - held for trading	**-**	4,981
Diesel hedging contracts - cash flow hedges	**784**	-
	784	4,981
Non-current assets		
Diesel hedging contracts - cash flow hedges	**799**	-
	799	-
Current liabilities		
Commodity hedging contracts - cash flow hedges	**2,487**	762
Foreign currency contracts - held for trading	**-**	1,622
	2,487	2,384
Non-current liabilities		
Commodity hedging contracts - cash flow hedges	**-**	717
	-	717

(a) Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates, commodity prices and diesel prices.

The derivative financial instruments are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as cash flow hedges. The Group's accounting policy for its cash flow hedges is set out below.

The fair value of the derivative instruments at the reporting date is reflected in current and non-current assets and liabilities in the balance sheet and is calculated by comparing the contracted rate to the market rates for derivatives with the same length of maturity.

Refer to note 21 and below for details of the foreign currency, commodity prices and diesel fuel risk being mitigated by the Group's derivative instruments as at 30 June 2016 and 30 June 2015.

Gold

Gold collar structures (i.e. purchased put and sold call) have been designated as hedges of future gold sales and have been designated as cash flow hedges. These comprise:

20 Derivatives (continued)

Gold (continued)

	Ounces of metal		Weighted average price (AUD/ounce)		Fair value	
	2016	2015	**2016**	2015	**2016 $'000**	2015 $'000
0 - 6 months						
Gold put options purchased	12,500	23,500	1,330	1,350	4	137
Gold call options sold	12,500	23,500	1,593	1,744	(2,491)	(101)
6 - 12 months						
Gold put options purchased	-	15,000	-	1,330	-	314
Gold call options sold	-	15,000	-	1,560	-	(1,112)
12 - 18 months						
Gold put options purchased	-	12,500	-	1,330	-	460
Gold call options sold	-	12,500	-	1,593	-	(1,177)
Total/weighted average strike price						
Gold put options purchased	12,500	51,000	1,330	1,339	4	911
Gold call options sold	12,500	51,000	1,593	1,653	(2,491)	(2,390)

Diesel

The Group held various diesel fuel hedging contracts at 30 June 2016 to reduce the exposure to future increases in the price of the Singapore gasoil component of diesel fuel.

The following table details the diesel fuel hedging contracts outstanding at the reporting date:

	Barrels of oil		Weighted average price (AUD/barrel)		Fair value	
	2016	2015	**2016**	2015	**2016 $'000**	2015 $'000
0 - 6 months	20,228	-	61.50	-	341	-
6 -12 months	29,532	-	65.61	-	443	-
1 - 2 years	60,525	-	74.37	-	799	-
Total	110,285	-	69.67	-	1,583	-

Nickel

There were no nickel commodity contracts held by the Group at 30 June 2016. The tables below detail the outstanding nickel commodity contracts denominated in United States dollars (USD), and the foreign exchange contracts which match the terms of the commodity contracts, held by the Group at 30 June 2015. These contracts were used to reduce the exposure to a future decrease in the Australian dollar (AUD) market value of nickel sales.

The following table details the nickel contracts outstanding at the reporting date:

	Tonnes of metal		Weighted average price (USD/metric tonne)		Fair value	
	2016	2015	**2016**	2015	**2016 $'000**	2015 $'000
0 - 3 months	-	750	-	16,711	-	4,626
Total	-	750	-	16,711	-	4,626

The following table details the forward foreign currency contracts outstanding at the reporting date:

20 Derivatives (continued)

Nickel (continued)

	Notional amounts (USD)		Weighted average AUD:USD exchange rate		Fair value	
	2016 $'000	2015 $'000	**2016**	2015	**2016 $'000**	2015 $'000
Sell USD forward						
0 - 3 months	-	12,534	-	0.8482	-	(1,533)
Total	-	12,534	-	0.8482	-	(1,533)

Copper

There were no copper commodity contracts held by the Group at 30 June 2016. The tables below detail the outstanding copper commodity contracts denominated in USD, and the foreign exchange contracts which match the terms of the commodity contracts, held by the Group at 30 June 2015. These contracts were used to reduce the exposure to a future decrease in the AUD market value of copper sales.

The following table details the copper contracts outstanding at the reporting date:

	Tonnes of metal		Weighted average price (USD/metric tonne)		Fair value	
	2016	2015	**2016**	2015	**2016 $'000**	2015 $'000
0 - 3 months	-	550	-	6,261	-	355
Total	-	550	-	6,261	-	355

The following table details the forward foreign currency contracts outstanding at the reporting date:

	Notional amounts (USD)		Weighted average AUD:USD exchange rate		Fair value	
	2016 $'000	2015 $'000	**2016**	2015	**2016 $'000**	2015 $'000
Sell USD forward						
0 - 3 months	-	3,444	-	0.7825	-	(89)
Total	-	3,444	-	0.7825	-	(89)

(b) Change in accounting policy

The Group has early adopted the new accounting standard AASB 9 *Financial Instruments* with effect from 1 July 2015. As explained in note 31, the adoption of the standard has affected the accounting treatment of the fair value of certain derivative assets and liabilities. The adoption of the standard had no impact on the net assets of the Group, however resulted in the restatement of balances at 1 July 2015 with a reduction in accumulated losses of $1,036,000 and a corresponding debit in the hedging reserve of $1,036,000.

(c) Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents, at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

20 Derivatives (continued)

(c) Recognition and measurement (continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability. Movements in the hedging reserve in shareholder's equity are shown in note 18.

(i) ***Fair value hedge***

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) ***Cash flow hedge***

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'.

The changes in the time value component of options are recognised in the hedge reserve. The cumulative changes accumulated in the hedge reserve are reclassified to the profit or loss when the hedged item affects profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(iii) ***Derivatives that do not qualify for hedge accounting***

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

21 Financial risk management

The Group’s activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk, equity price risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts, forward commodity contracts and collar arrangements to hedge certain risk exposures.

Risk management relating to commodity and foreign exchange risk is overseen by management, under policies approved by the Board of Directors. The Board identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, commodity price, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

(a) Risk exposures and responses

(i) ***Foreign currency risk***

As the Group’s sales revenues for nickel, copper, zinc, gold and silver are denominated in United States dollars (USD) and the majority of operating costs are denominated in Australian dollars (AUD), the Group’s cash flow is significantly exposed to movements in the AUD:USD exchange rate. The Group mitigates this risk through the use of derivative instruments, including, but not limited to, forward contracts denominated in AUD.

Financial instruments, including derivative instruments, denominated in USD and then converted into the functional currency (i.e. AUD) were as follows:

21 Financial risk management (continued)

(a) Risk exposures and responses (continued)

*(i) **Foreign currency risk (continued)***

	2016 $'000	2015 $'000
Financial assets		
Cash and cash equivalents	**14,773**	16,971
Trade and other receivables	**19,969**	15,506
Derivative financial instruments	**-**	4,981
	34,742	37,458
Financial liabilities		
Derivative financial instruments	**-**	1,622
	-	1,622
Net financial assets	**34,742**	35,836

The cash balance above only represents the cash held in the USD bank accounts at the reporting date and converted into AUD at the 30 June 2016 AUD:USD exchange rate of $0.7426 (2015: $0.7680). The remainder of the cash balance of $31,491,000 (2015: $104,325,000) was held in AUD and therefore not exposed to foreign currency risk.

The trade and other receivables amounts represent the USD denominated trade debtors. All other trade and other receivables were denominated in AUD at the reporting date.

The following table summarises the Group's sensitivity of financial instruments held at 30 June 2016 to movements in the AUD:USD exchange rate, with all other variables held constant.

	Impact on post-tax profit	
Sensitivity of financial instruments to foreign currency movements	2016 $'000	2015 $'000
Increase/decrease in foreign exchange rate		
Increase 5.0%	**(884)**	(110)
Decrease 5.0%	**988**	132

*(ii) **Commodity price risk***

The Group's sales revenues are generated from the sale of nickel, copper, zinc, silver and gold. Accordingly, the Group's revenues, derivatives and trade receivables are exposed to commodity price risk fluctuations, primarily nickel, copper, zinc, silver and gold.

Nickel

Nickel ore sales have an average price finalisation period of three months until the sale is finalised with the customer.

It is the Board's policy to hedge between 0% and 70% of total nickel production tonnes.

Copper and zinc

Copper and zinc concentrate sales have an average price finalisation period of up to four months from shipment date.

It is the Board's policy to hedge between 0% and 70% of total copper and zinc production tonnes.

Gold

It is the Board's policy to hedge between 0% and 70% of forecast gold production from the Company's 30% interest in the Tropicana Gold Mine.

Diesel fuel

It is the Board's policy to hedge up to 75% of forecast diesel fuel usage. Diesel fuel price comprises a number of components, including Singapore gasoil and various other costs such as shipping and insurance. The total of all costs represent the wholesale or Terminal Gate Price (TGP) of diesel. The Group only hedges the Singapore gasoil component of the diesel TGP, which represents approximately 40% of the total diesel price.

21 Financial risk management (continued)

(a) Risk exposures and responses (continued)

(ii) Commodity price risk (continued)

The markets for nickel, copper, zinc, silver and gold are freely traded and can be volatile. As a relatively small producer, the Group has no ability to influence commodity prices. The Group mitigates this risk through derivative instruments, including, but not limited to, quotational period hedging, forward contracts and collar arrangements.

At the reporting date, the carrying value of the financial instruments exposed to commodity price movements were as follows:

Financial instruments exposed to commodity price movements	2016 $'000	2015 $'000
Financial assets		
Trade and other receivables	**18,520**	10,702
Derivative financial instruments - commodity hedging contracts	**-**	4,981
Derivative financial instruments - diesel hedging contracts	**1,583**	-
	20,103	15,683
Financial liabilities		
Derivative financial instruments - commodity hedging contracts	**2,487**	1,479
	2,487	1,479
Net exposure	**17,616**	14,204

The following table summarises the sensitivity of financial instruments held at 30 June 2016 to movements in the nickel price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2015: 1.5%) and a 20.0% (2015: 20.0%) sensitivity rate is used to value derivative contracts.

Sensitivity of financial instruments to nickel price movements	Impact on post-tax profit 2016 $'000	2015 $'000
Increase/decrease in nickel prices		
Increase	**177**	(1,517)
Decrease	**(177)**	1,517

The following table summarises the sensitivity of financial instruments held at 30 June 2016 to movements in the copper price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2015: 1.5%) and a 20.0% (2015: 20.0%) sensitivity rate is used to value derivative contracts.

Sensitivity of financial instruments to copper price movements	Impact on post-tax profit 2016 $'000	2015 $'000
Increase/decrease in copper price		
Increase	**251**	(572)
Decrease	**(251)**	572

The following table summarises the sensitivity of financial instruments held at 30 June 2016 to movements in the gold price, with all other variables held constant.

Sensitivity of financial instruments to gold price movements	Impact on other components of equity 2016 $'000	2015 $'000
Increase/decrease in gold price		
Increase 20% (2015: 20%)	**(3,018)**	(6,590)
Decrease 20% (2015: 20%)	**1,743**	5,325

21 Financial risk management (continued)

(a) Risk exposures and responses (continued)

*(ii) **Commodity price risk (continued)***

The following table summarises the sensitivity of financial instruments held at 30 June 2016 to movements in the zinc price, with all other variables held constant.

Sensitivity of financial instruments to zinc price movements	Impact on post-tax profit	
	2016 $'000	2015 $'000
Increase/decrease in zinc price		
Increase 1.5% (2015: 1.5%)	**225**	108
Decrease 1.5% (2015: 1.5%)	**(225)**	(108)

The following table summarises the sensitivity of financial instruments held at 30 June 2016 to movements in the Singapore gasoil price, with all other variables held constant.

Sensitivity of financial instruments to Singapore gasoil price movements	Impact on other components of equity	
	2016 $'000	2015 $'000
Increase/decrease in Singapore gasoil price		
Increase 20% (2015: 0%)	**1,301**	-
Decrease 20% (2015: 0%)	**(1,301)**	-

*(iii) **Equity price risk sensitivity analysis***

The following sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date. Each equity instrument is assessed on its individual price movements with the sensitivity rate based on a reasonably possible change of 20% (2015: 45%). At reporting date, if the equity prices had been higher or lower, net profit for the year would have increased or decreased by $702,000 (2015: $4,890,000).

*(iv) **Cash flow and fair value interest rate risk***

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. At the reporting date, the Group had the following exposure to interest rate risk on financial instruments:

	30 June 2016		30 June 2015	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Financial assets				
Cash and cash equivalents	**1.7%**	**46,264**	1.6%	121,296
	1.7%	**46,264**	1.6%	121,296
Financial liabilities				
Bank loans	**4.5%**	**271,000**	-%	-
	4.5%	**271,000**	-%	-

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

21 Financial risk management (continued)

(a) Risk exposures and responses (continued)

(iv) Cash flow and fair value interest rate risk (continued)

Sensitivity of interest revenue and expense to interest rate movements	Impact on post-tax profit 2016 $'000	2015 $'000
Interest revenue		
Increase 1.0% (2015: 1.0%)	**276**	804
Decrease 1.0% (2015: 1.0%)	**(276)**	(804)
Interest expense		
Increase 1.0% (2015: 1.0%)	**(1,897)**	-
Decrease 1.0% (2015: 1.0%)	**1,897**	-

(b) Credit risk

Nickel ore sales

The Group has a concentration of credit risk in that it depends on BHP Billiton Nickel West Pty Ltd (BHPB Nickel West) for a significant volume of revenue. During the year ended 30 June 2016 all nickel sales revenue was sourced from this company. The risk is mitigated in that the agreement relating to sales revenue contains provision for the Group to seek alternative revenue providers in the event that BHPB Nickel West is unable to accept supply of the Group's product due to a force majeure event. The risk is further mitigated by the receipt of 70% of the value of any months' sale within a month of that sale occurring.

Copper and zinc concentrate sales

Credit risk arising from sales to customers is managed by contracts that stipulate a provisional payment of at least 90% of the estimated value of each sale. This is generally paid promptly after vessel loading. Title to the concentrate does not pass to the buyer until this provisional payment is received by the Group.

Due to the large size of concentrate shipments, there are a relatively small number of transactions each month and therefore each transaction and receivable balance is actively managed on an ongoing basis, with attention to timing of customer payments and imposed credit limits. The resulting exposure to bad debts is not considered significant.

Gold bullion sales

Credit risk arising from the sale of gold bullion to the Company's customer is low as the payment by the customer (being The Perth Mint Australia) is guaranteed under statute by the Western Australian State Government. In addition, sales are made to high credit quality financial institutions, hence credit risk arising from these transactions is considered to be low.

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

Other

In respect of financial assets and derivative financial instruments, the Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed below. The Group does not hold any credit derivatives to offset its credit exposure.

Derivative counterparties and cash transactions are restricted to high credit quality financial institutions.

The maximum exposure to credit risk at the reporting date was as follows:

21 Financial risk management (continued)

(b) Credit risk (continued)

	Consolidated entity 2016 $'000	2015 $'000
Financial assets		
Cash and cash equivalents	**46,264**	121,296
Trade and other receivables	**21,561**	13,481
Other receivables	**6,559**	5,384
Financial assets	**5,017**	15,574
Derivative financial instruments	**1,583**	4,981
	80,984	160,716

On analysis of trade and other receivables, no balances are impaired for either 30 June 2016 or 30 June 2015. Trade receivables balance includes $1,448,000 (2015: $nil) that are past due but not impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management and the Board monitors liquidity levels on an ongoing basis.

Maturities of financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Contractual maturities of financial liabilities	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
At 30 June 2016					
Trade and other payables	**107,132**	**-**	**-**	**107,132**	**107,132**
Bank loans*	**6,070**	**46,735**	**243,056**	**295,861**	**265,826**
	113,202	**46,735**	**243,056**	**402,993**	**372,958**
At 30 June 2015					
Trade and other payables	40,476	-	-	40,476	40,476
Finance lease liabilities	458	64	-	522	510
	40,934	64	-	40,998	40,986

* Includes estimated interest payments.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settles on a net basis. When the net amount payable is not fixed, the amount disclosed has been determined by reference to the projected forward curves existing at the reporting date.

21 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities (continued)

	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
At 30 June 2016					
Commodity hedging contracts	**2,487**	**-**	**-**	**2,487**	**2,487**
	2,487	**-**	**-**	**2,487**	**2,487**
At 30 June 2015					
Commodity hedging contracts	100	662	717	1,479	1,479
Foreign currency hedging contracts	1,622	-	-	1,622	1,622
	1,722	662	717	3,101	3,101

(d) Recognised fair value measurements

(i) ***Fair value hierarchy***

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2015 on a recurring basis.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2016				
Financial assets				
Listed investments	**5,017**	**-**	**-**	**5,017**
Derivative instruments				
Diesel hedging contracts	**-**	**1,583**	**-**	**1,583**
	5,017	**1,583**	**-**	**6,600**
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	**-**	**2,487**	**-**	**2,487**
	-	**2,487**	**-**	**2,487**

21 Financial risk management (continued)

(d) Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2015				
Financial assets				
Listed investments	15,524	-	50	15,574
Derivative instruments				
Commodity hedging contracts	-	4,981	-	4,981
	15,524	4,981	50	20,555
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	-	1,479	-	1,479
Foreign currency hedging contracts	-	1,622	-	1,622
	-	3,101	-	3,101

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2016 and did not transfer any fair value amounts between the fair value hierarchy levels during the year ended 30 June 2016.

(ii) Valuation techniques used to determine level 1 fair values

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(iii) Valuation techniques used to determine level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity and forward foreign exchange contracts is determined using forward commodity and exchange rates at the reporting date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which are included in level 3.

21 Financial risk management (continued)

(d) Recognised fair value measurements (continued)

*(iv) **Fair value of other financial instruments***

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. These instruments had the following fair value at the reporting date.

	Carrying amount $'000	Fair value $'000
At 30 June 2016		
Current assets		
Cash and cash equivalents	**46,264**	**46,264**
	46,264	**46,264**
Current liabilities		
Bank loans	**43,154**	**43,750**
	43,154	**43,750**
Non-current liabilities		
Bank loans	**222,672**	**227,250**
	222,672	**227,250**

	Carrying amount $'000	Fair value $'000
At 30 June 2015		
Current assets		
Cash and cash equivalents	121,296	121,296
	121,296	121,296
Current liabilities		
Lease liabilities	510	522
	510	522

Group structure

This section of the notes provides information which will help users understand how the group structure affects the financial position and performance of the Group.

22 Business combination

(a) Summary of acquisition

On 22 September 2015, Independence Group NL acquired 100% of the issued capital of Sirius Resources NL (Sirius). Sirius was an ASX listed minerals exploration and development company with a key focus on the development of the Nova Project, located east of Norseman in Western Australia.

Details of the purchase consideration and the net assets acquired are as follows:

	$'000
Purchase consideration (refer to (b) below):	
Cash paid	**250,285**
Ordinary shares issued	**860,629**
Total purchase consideration	**1,110,914**

The fair value of the 275,842,684 shares issued as part of the consideration paid for Sirius ($860,629,000) was based on the published share price on 22 September 2015 of $3.12 per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash	**48,233**
Trade and other receivables	**6,008**
Inventories	**214**
Plant and equipment	**3,432**
Mine properties	**984,776**
Exploration and evaluation expenditure	**34,100**
Deferred tax assets	**63,646**
Trade and other payables	**(20,942)**
Deferred tax liability	**(1,974)**
Provisions	**(6,579)**
Net identifiable assets acquired	**1,110,914**

There were no acquisitions in the year ending 30 June 2015.

Revenue and profit contribution

The acquired business contributed revenues of $409,000 and net loss of $1,372,000 to the Group for the period from 22 September 2015 to 30 June 2016.

If the acquisition had occurred on 1 July 2015, consolidated pro-forma revenue and loss for the year ended 30 June 2016 would have been $414,140,000 and $75,807,000 respectively.

Cash flows

Since acquisition, expenditure of $179,475,000 was incurred by the acquired entity relating to the construction and development of the Nova Project.

22 Business combination (continued)

(b) Purchase consideration - cash outflow

	2016 $'000	2015 $'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	**250,285**	-
Less: balances acquired		
Cash	**(48,233)**	-
Net outflow of cash - investing activities	**202,052**	-

Acquisition-related costs

Acquisition and other integration related costs of $65,137,000 are included in acquisition and other integration expenses in profit or loss and an amount of $12,426,000 is included in operating cash flows in the statement of cash flows.

(c) Recognition and measurement

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

23 Subsidiaries

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of Independence Group NL and the subsidiaries listed in the following table:

23 Subsidiaries (continued)

(a) Significant investments in subsidiaries (continued)

Name of entity	Note	Country of incorporation	Equity holding 2016 %	2015 %
Independence Long Pty Ltd	(a)	Australia	**100**	100
Independence Newsearch Pty Ltd		Australia	**100**	100
Independence Karlawinda Pty Ltd		Australia	**100**	100
Independence Jaguar Pty Ltd	(a),(d)	Australia	**100**	100
Independence ESP Pty Ltd	(c)	Australia	**-**	100
Independence Jaguar Exploration Parent Pty Ltd	(c)	Australia	**-**	100
Independence Jaguar Exploration Pty Ltd	(c)	Australia	**-**	100
Independence Stockman Parent Pty Ltd		Australia	**100**	100
Independence Stockman Project Pty Ltd		Australia	**100**	100
Independence Jaguar Project Parent Pty Ltd		Australia	**100**	100
Independence Jaguar Project Pty Ltd		Australia	**100**	100
Independence CM Pty Ltd	(c)	Australia	**-**	100
Independence BBS Pty Ltd	(c)	Australia	**-**	100
Independence Projects Pty Ltd	(c)	Australia	**-**	100
Independence Europe Pty Ltd		Australia	**100**	100
Independence Nova Holdings Pty Ltd	(a),(b)	Australia	**100**	-
Independence Nova Pty Ltd	(a),(b)	Australia	**100**	-
Sirius Exploration Canada Ltd	(c)	Canada	**-**	-
VMS Metals Pty Ltd	(c)	Australia	**-**	-
Independence Group Europe AB		Sweden	**100**	100

(a) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 29.

(b) On 18 April 2016, Sirius Resources Pty Ltd changed its name to Independence Nova Holdings Pty Ltd and Sirius Gold Pty Ltd changed its name to Independence Nova Pty Ltd.

(c) This entity was deregistered or dissolved during the year.

(d) On 23 March 2016, Independence Jaguar Limited changed its name to Independence Jaguar Pty Ltd and the company type was changed from Limited to Pty Ltd.

(b) Principles of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria but could potentially have an impact on the Group's financial position and performance.

24 Commitments and contingencies

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2016 $'000	2015 $'000
Mine properties in development	**163,938**	-
	163,938	-

(b) Commitments

(i) ***Leasing commitments***

	2016 $'000	2015 $'000
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**1,549**	1,275
Later than one year but not later than five years	**6,458**	5,516
Later than five years	**-**	1,242
Total minimum lease payments	**8,007**	8,033

	2016 $'000	2015 $'000
Finance lease and hire purchase commitments		
Future minimum lease payments under lease contracts with the present value of net minimum lease payments are as follows:		
Within one year	**-**	522
Total minimum lease payments	**-**	522
Future finance charges	**-**	(12)
Present value of minimum lease payments	**-**	510
Current borrowings	**-**	510
Total included in borrowings	**-**	510

24 Commitments and contingencies (continued)

(c) Gold delivery commitments

	Gold for physical delivery oz	Average contracted sale price A$/oz	Value of committed sales $'000
Within one year	**72,600**	**1,641**	**119,126**
Later than one but not later than five years	**60,000**	**1,796**	**107,786**
Total	**132,600**	**1,711**	**226,912**

The physical gold delivery contracts are settled by the physical delivery of gold as per the contract terms. The contracts are accounted for as sales contracts with revenue recognised once gold has been delivered to the counterparties. The physical gold delivery contracts are considered to sell a non-financial item and therefore do not fall within the scope of AASB 139 *Financial Instruments: Recognition and Measurement.* Hence, no derivatives have been recognised in respect of these contracts.

(d) Contingencies

The Group had guarantees outstanding at 30 June 2016 totalling $1,315,000 (2015: $1,315,000) which have been granted in favour of various third parties. The guarantees primarily relate to environmental and rehabilitation bonds at the various mine sites.

25 Events occurring after the reporting period

On 31 August 2016, the Company announced a fully franked dividend final dividend of 2 cents per share to be paid on 23 September 2016.

On 27 July 2016, the Company announced it was conducting a fully underwritten institutional placement (Placement) to raise approximately $250,000,000. The Placement comprises an issue of 66,666,667 new shares in the Company and was underwritten at a price of $3.75 per share (Placement Price).

The Company also conducted a non-underwritten Share Purchase Plan (SPP) to facilitate retail shareholder participation of up to $15,000 per eligible shareholder a the Placement Price, subject to an overall cap of $30,000,000 (or approximately 8 million shares) (the Placement and SPP together being the Equity Raising). The SPP was oversubscribed, however in recognition of the strong interest in the SPP by eligible retail shareholders, the Company's Board resolved to accept all valid applications without any scale back. The SPP resulted in the issue of an additional 8,388,689 ordinary shares and raised $31.5 million.

The Company undertook the Equity Raising to strengthen its balance sheet and to provide greater financial flexibility to fund growth initiatives. Specifically, the Equity Raising provided funding for the remaining development capital expenditure for the Nova Project, reducing the requirement for further draw-down under the Company's existing debt facilities. The Equity Raising will also provide additional funds for the payment of residual acquisition costs (stamp duty), funding for debt repayment and general corporate purposes including working capital.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Director of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years, other than as stated elsewhere in the financial report.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but are not considered critical in understanding the financial performance or position of the Group.

26 Share-based payments

The Group provides benefits to employees (including executive directors) of the Group through share-based incentives. Information relating to these schemes is set out below.

(a) Employee Performance Rights Plan

The Independence Group NL Employee Performance Rights Plan (PRP) was approved by shareholders at the Annual General Meeting of the Company in November 2014. Under the PRP, participants are granted share rights which will only vest if certain performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the PRP is at the Board’s discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

(b) Equity settled awards outstanding

	2016		2015	
	Number of share rights	Weighted average fair value	Number of share rights	Weighted average fair value
Outstanding at the beginning of the year	**2,313,757**	**2.85**	3,255,175	2.99
Rights issued during the year	**643,911**	**1.32**	509,480	2.65
Rights vested during the year	**(1,323,613)**	**3.19**	(932,668)	3.00
Rights lapsed during the year	**(258,903)**	**2.23**	(518,230)	3.23
Rights cancelled during the year	**(23,029)**	**2.41**	-	-
Outstanding at the end of the year	**1,352,123**	**1.91**	2,313,757	2.85

(c) Fair value of share rights granted

The fair value of the share rights granted during the year ended 30 June 2016 are determined using a trinomial tree which has been adopted by the Boyle and Law (1994) node alignment algorithm to improve accuracy, with the following inputs:

Fair value inputs	CEO	Other senior management
Grant date	16 December 2015	22 January 2016
Vesting date	1 July 2018	1 July 2018
Share price at grant date	$2.20	$2.11
Fair value estimate at grant date	$1.56	$1.20
Expected share price volatility (%)	47	48
Expected dividend yield (%)	1.14	1.14
Expected risk-free rate (%)	2.14	1.94

The share-based payments expense included in profit or loss for the year totalled $819,000 (2015: $2,949,000).

(d) Employee share scheme

Share rights granted after 1 July 2014

Vesting of the performance rights granted to executive directors and executives after 1 July 2014 is based on a total shareholder return (TSR) scorecard. The TSR scorecard for the three year measurement period will be determined based on a percentile ranking of the Company's TSR results relative to the TSR of each of the companies in the peer group over the same three year measurement period.

The peer group is to comprise the constituents of the S&P ASX 300 Metals and Mining Index who are engaged in gold and/or based metals mining in Australia and have the closest market capitalisation to the Company.

26 Share-based payments (continued)

(d) Employee share scheme (continued)

Share rights granted after 1 July 2014 (continued)

The vesting schedule of the performance rights subject to relative TSR testing is as follows:

Relative TSR performance	Level of vesting
Less than 50th percentile	Zero
Between 50th and 75th percentile	Pro-rata straight line percentage between 50% and 100%
75th percentile or better	100%

The Company's TSR performance for share rights issued during the current financial year will be assessed against the following 20 peer group companies:

Peer companies	
* Aditya Birla Minerals Ltd[1]	* Oceana Gold Limited
* Alacer Gold Corp.	* Oz Minerals Ltd
* Beadell Resources Ltd	* Panoramic Resources Ltd
* Cudeco Ltd	* Perseus Mining Limited
* Evolution Mining Limited	* Regis Resources Limited
* Kingsgate Consolidated Limited	* Resolute Mining Limited
* Medusa Mining Ltd	* Saracen Mineral Holdings Limited
* Metals X Limited	* Sandfire Resources Ltd
* Mincor Resources NL	* Silver Lake Resources Limited
* Northern Star Resources Limited	* Western Areas Ltd

1. To be removed from peer group of companies following takeover of the company.

Share rights granted prior to 30 June 2014

Vesting of the performance rights granted to executive directors and other executives of the Company prior to 30 June 2014 is subject to a combination of the Company's shareholder return (with a 75 per cent weighting) and return on equity (with a 25 per cent weighting), measured over a three year measurement period. Further information is included in the Remuneration Report.

The performance rights will not be subject to any further escrow restrictions once they have vested to the employees.

Share trading policy

The trading of shares issued to participants under the Company's PRP is subject to, and conditional upon, compliance with the Company's employee share trading policy.

Non-executive Directors

The PRP permits non-executive directors to be eligible employees and therefore to participate in the plan. It is not currently intended that non-executive directors will be issued with performance rights under the PRP and any such issue would be subject to all necessary shareholder approvals.

(e) Recognition and measurement

Equity-settled transactions

The fair values of equity settled awards are recognised in share-based payments expense, together with a corresponding increase in share-based payments reserve within equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined with the assistance of a valuation software using a trinomial tree which has been adopted by the Boyle and Law (1994) node alignment algorithm to improve accuracy. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Independence Group NL (market conditions).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at the reporting date.

26 Share-based payments (continued)

(e) Recognition and measurement (continued)

Equity-settled transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award is treated as if it was a modification of the original award, as described in the previous paragraph.

Upon the settlement of equity settled share awards, the balance of the share-based payments reserve relating to those rights and awards is transferred to share capital. The dilutive effect, if any, of outstanding rights is reflected as additional share dilution in the computation of diluted earnings per share.

27 Related party transactions

(a) Transactions with other related parties

During the financial year, a wholly-owned subsidiary paid dividends of $22,000,000 (2015: $48,000,000) to Independence Group NL. This amount has been eliminated on consolidation for the purposes of calculating the profit of the Group for the financial year.

Loans were made between Independence Group NL and certain entities in the wholly-owned group. The loans receivable from controlled entities are interest-free and repayable on demand.

(b) Key management personnel

Compensation of key management personnel

	2016 **$**	2015 $
Short-term employee benefits	**4,162,227**	3,212,925
Post-employment benefits	**302,964**	242,994
Long-term benefits	**45,191**	40,301
Share-based payments	**474,978**	607,413
	4,985,360	4,103,633

Detailed remuneration disclosures are provided in the remuneration report on pages 44 to 58.

28 Parent entity financial information

(a) Summary financial information

The following information relates to the parent entity, Independence Group NL, at 30 June.

	2016 $'000	2015 $'000
Balance sheet		
Current assets	**54,755**	115,225
Non-current assets	**1,846,030**	614,930
Total assets	**1,900,785**	730,155
Current liabilities	**124,219**	24,717
Non-current liabilities	**275,895**	38,914
Total liabilities	**400,114**	63,631
Net assets	**1,500,671**	666,524
Equity		
Issued capital	**1,601,458**	737,324
Reserves		
Acquisition reserve	**3,142**	3,142
Hedging reserve	**(1,322)**	-
Share-based payments reserve	**10,371**	13,057
Accumulated losses	**(112,978)**	(86,999)
Total equity	**1,500,671**	666,524

	2016 $'000	2015 $'000
(Loss) profit for the year	**(14,229)**	73,736
Other comprehensive income for the period	**-**	-
Total comprehensive (loss) income for the year	**(14,229)**	73,736

(b) Guarantees entered into by the parent entity

The parent entity has no unsecured guarantees in respect of finance leases of subsidiaries (2015: $510,000).

There are cross guarantees given by Independence Group NL, Independence Long Pty Ltd, Independence Jaguar Pty Ltd, Independence Nova Holdings Pty Ltd and Independence Nova Pty Ltd as described in note 29. No deficiencies of assets exist in any of these companies.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any outstanding contractual commitments for the acquisition of property, plant and equipment at 30 June 2016 or 30 June 2015.

(e) Recognition and measurement

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

28 Parent entity financial information (continued)

(e) Recognition and measurement (continued)

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries entities are accounted for at cost in the financial statements of Independence Group NL.

(ii) Tax consolidation legislation

Independence Group NL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Independence Group NL, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Independence Group NL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Independence Group NL for any current tax payable assumed and are compensated by Independence Group NL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Independence Group NL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

29 Deed of cross guarantee

Independence Group NL, Independence Long Pty Ltd, Independence Jaguar Pty Ltd, Independence Nova Holdings Pty Ltd and Independence Nova Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of profit or loss and other comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Independence Group NL, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2016 of the closed group consisting of Independence Group NL, Independence Long Pty Ltd, Independence Jaguar Pty Ltd, Independence Nova Holdings Pty Ltd and Independence Nova Pty Ltd.

29 Deed of cross guarantee (continued)

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

Consolidated statement of profit or loss and other comprehensive income	**2016 $'000**	2015 $'000
Revenue from continuing operations	**413,159**	495,298
Other income	**2,342**	3,327
Mining, development and processing costs	**(139,931)**	(135,352)
Employee benefits expense	**(66,975)**	(63,841)
Share-based payments expense	**(819)**	(2,949)
Fair value movement of financial investments	**2,396**	1,467
Depreciation and amortisation expense	**(105,872)**	(95,959)
Rehabilitation and restoration borrowing costs	**(474)**	(271)
Exploration costs expensed	**(17,875)**	(21,184)
Royalty expense	**(12,557)**	(15,647)
Ore tolling expense	**(10,092)**	(12,297)
Shipping and wharfage expense	**(16,143)**	(19,539)
Borrowing and finance costs	**(76)**	(1,566)
Impairment of exploration and evaluation expenditure	**(2,985)**	(3,461)
Impairment of loans to and investments in subsidiaries	**(1,960)**	(4,278)
Acquisition and other integration costs	**(65,137)**	-
Other expenses	**(11,121)**	(11,004)
(Loss) profit before income tax	**(34,120)**	112,744
Income tax expense	**(6,999)**	(35,142)
(Loss) profit for the period	**(41,119)**	77,602
Other comprehensive income		
Items that may be reclassified to profit or loss		
Effective portion of changes in fair value of cash flow hedges, net of tax	**404**	2,038
Other comprehensive income for the period, net of tax	**404**	2,038
Total comprehensive (loss) income for the period	**(40,715)**	79,640

Summary of movements in consolidated retained earnings (accumulated losses)	**2016 $'000**	2015 $'000
Retained earnings (accumulated losses) at the beginning of the financial year	**35,552**	(16,282)
Adjustment on adoption of AASB 9, net of tax	**1,036**	-
Restated retained earnings (accumulated losses) at the beginning of the financial year	**36,588**	(16,282)
(Loss) profit for the year	**(41,119)**	77,602
Dividends paid	**(12,786)**	(25,768)
(Accumulated losses) retained earnings at the end of the financial year	**(17,317)**	35,552

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2016 of the closed group consisting of Independence Group NL, Independence Long Pty Ltd, Independence Jaguar Pty Ltd, Independence Nova Holdings Pty Ltd and Independence Nova Pty Ltd.

29 Deed of cross guarantee (continued)

(b) Consolidated balance sheet (continued)

	2016 $'000	2015 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**43,832**	119,009
Trade and other receivables	**27,086**	19,179
Inventories	**17,540**	21,511
Financial assets at fair value through profit or loss	**4,989**	15,524
Derivative financial instruments	**784**	4,981
Total current assets	**94,231**	180,204
Non-current assets		
Receivables	**4**	8
Property, plant and equipment	**22,242**	25,353
Mine properties	**1,270,512**	82,935
Exploration and evaluation expenditure	**39,350**	8,235
Deferred tax assets	**215,406**	130,725
Investments in controlled entities	**139,494**	139,333
Investments in joint ventures	**306,151**	316,150
Derivative financial instruments	**799**	-
Total non-current assets	**1,993,958**	702,739
TOTAL ASSETS	**2,088,189**	882,943
LIABILITIES		
Current liabilities		
Trade and other payables	**120,150**	52,389
Borrowings	**43,154**	510
Derivative financial instruments	**2,487**	2,384
Provisions	**2,000**	2,659
Total current liabilities	**167,791**	57,942
Non-current liabilities		
Borrowings	**222,672**	-
Derivative financial instruments	**-**	717
Provisions	**48,567**	13,942
Deferred tax liabilities	**52,137**	21,267
Total non-current liabilities	**323,376**	35,926
TOTAL LIABILITIES	**491,167**	93,868
NET ASSETS	**1,597,022**	789,075
EQUITY		
Contributed equity	**1,601,458**	737,324
Other reserves	**12,881**	16,199
Retained earnings	**(17,317)**	35,552
TOTAL EQUITY	**1,597,022**	789,075

30 Remuneration of auditors

The auditor of Independence Group NL is BDO Audit (WA) Pty Ltd.

	2016 **$**	2015 $
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit and review of financial statements	**232,500**	220,500
Other services in relation to the entity and any other entity in the consolidated Group	**38,158**	35,913
	270,658	256,413

31 Other accounting policies

(a) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2015:

- AASB 2014-1 *Amendments to Australian Accounting Standards (*including Part A*: Annual Improvements 2010-2012 and 2011-2013 Cycles and* Part B*: Defined Benefit Plans: Employee Contributions - Amendments to AASB 119)*

The following Australian Accounting Standards were early adopted by the Group from 1 July 2015:

- AASB 9 *Financial Instruments*

The Group has early adopted AASB 9 *Financial Instruments* (AASB 9), issued in December 2009, including consequential amendments to other standards, with effect from 1 July 2015. The standard has been retrospectively applied to derivative financial instruments held at 1 July 2015 and comparative amounts have been restated where necessary.

In accordance with AASB 9, the time value (or extrinsic value) of an option is also designated as the hedging instrument. This result has resulted in changes in the time value of the option being deferred in other comprehensive income rather than being accounted for in the profit or loss.

The adoption of this standard had no impact on the net assets of the Group, however resulted in the following restatement of balances at 1 July 2015:

- a reduction in accumulated losses of $1,036,000; and
- a corresponding debit to the hedging reserve of $1,036,000.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

31 Other accounting policies (continued)

(b) New standards and interpretations not yet adopted (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	This standard is not expected to have a material impact on the Group's financial statements and disclosures.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption Expected date of adoption by the group: 1 January 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 61 to 118 are in accordance with the *Corporations Act 2001*, including:

    (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

    (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 29.

This declaration is made in accordance with a resolution of Directors.

Peter Bradford
Managing Director

Perth, Western Australia
Dated this 30th day of August 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Independence Group NL

Report on the Financial Report

We have audited the accompanying financial report of Independence Group NL, which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In page 66, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Independence Group NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Independence Group NL is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in page 66.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 44 to 58 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Independence Group NL for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien

Director

Perth, 30 August 2016

ADDITIONAL ASX INFORMATION

The following additional information not shown elsewhere in this report is required by ASX Limited in respect of listed companies only. This information is current as at 12 September 2016.

1. Shareholding

a. Distribution of shareholders

Range	Total holders	Units	% of Issued Capital
1 - 1,000	3,910	1,507,058	0.26
1,001 - 5,000	3,503	9,140,110	1.56
5,001 - 10,000	1,290	9,439,161	1.61
10,001 - 100,000	1,314	32,842,212	5.60
100,001 - 999,999,999	163	533,770,039	90.98
1,000,000,000 - 9,999,999,999	0	0	0.00
TOTAL	10,180	586,698,580	100.00

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 1,265.

c. The Company has received the following notices of substantial shareholding ("Notice"):

Substantial shareholder	Relevant Interest per the Notice - Number of shares
Ausbil Investment Management Limited	30,790,105
AustralianSuper Pty Ltd	30,912,424
Commonwealth Bank of Australia	31,196,831
FIL Limited	50,715,214
Van Eck Associates Corporation	62,547,002
Mark Creasy and Creasy Group entities	95,562,917

d. Voting rights: The voting rights of the fully paid ordinary shares are one vote per share held.

2. Twenty largest holders of ordinary shares

	Ordinary Shareholders	No. of Shares held	Percentage Held
1	J P Morgan Nominees Australia Limited	130,563,043	22.25
2	National Nominees Limited	98,203,411	16.74
3	HSBC Custody Nominees <Australia>	82,570,061	14.07
4	Yandal Investments Pty Ltd <Investec A/C>	41,929,135	7.15
5	Citicorp Nominees Pty Limited	40,145,871	6.84
6	Fraserx Pty Ltd	13,415,188	2.29
7	Ponton Minerals Pty Ltd	10,964,532	1.87
8	Free CI Pty Ltd	10,964,531	1.87
9	Lake Rivers Gold Pty Ltd	10,964,531	1.87
10	BNP Paribas Noms Pty Ltd <Drp>	10,594,339	1.81
11	BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	6,444,015	1.10
12	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	4,757,134	0.81
13	National Nominees Limited <Db A/C>	4,749,132	0.81
14	Yandal Investments Pty Ltd	4,620,000	0.79
15	Perth Select Seafoods Pty Ltd	2,837,200	0.48
16	Yandal Investments Pty Ltd	2,705,000	0.46
17	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	2,643,000	0.45
18	Zero Nominees Pty Ltd	2,108,910	0.36
19	UBS Nominees Pty Ltd	2,088,773	0.36
20	RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	1,938,966	0.33
		485,206,772	82.70

3. Unquoted securities: IGO has 1,058,316 performance right on issue. The number of beneficial holders of performance rights totals 20.

SHAREHOLDER REPORTING TIMETABLE

Please note that the dates below are subject to change. Please check the IGO website nearer the time to confirm dates.

Important Dates

2016	
26 October 2016	September Quarterly Activities Report
26 October 2016	Investor Webcast
18 November 2016	Annual General Meeting to be held in Perth, Western Australia
2017	
25 January 2017	December Quarterly Activities Report
25 January 2017	Investor Webcast
21 February 2017	Half Yearly Financial Statements
21 February 2017	Investor Webcast
26 April 2017	March Quarterly Activities Report
26 April 2017	Investor Webcast
26 July 2017	June Quarterly Activities Report
26 July 2017	Investor Webcast

GLOSSARY OF TERMS

AC – air core usually in the context of drilling or drill holes.

AngloGold Ashanti – AngloGold Ashanti Australia Pty Ltd.

Ag – silver.

Au – gold.

BCM – bulk cubic metres.

Cu – copper.

EM – electromagnetic.

EM conductors – electromagnetic conductors returned from EM surveys.

FLEM – Fixed-Loop electromagnetic.

HPGR – High Pressure Grinding Rolls

LTIFR – lost time injury frequency rate per million hours worked.

MLEM – moving-loop electromagnetic surveys.

Mt – million metric tonnes.

NPAT – Net Profit After Tax

Ni – nickel.

oz – ounce.

RC drilling – reverse circulation drilling.

t – metric tonnes.

TGM – Tropicana Gold Mine that is 30% owned by the Company and 70% owed by AngloGold Ashanti under the TJV agreement.

TJV – Tropicana Joint Venture that is 30% owned by the Company and 70% owed by AngloGold Ashanti.

Underlying EBITDA – Underlying Earnings Before Interest, Tax, Depreciation and Amortisation

Zn – zinc.

$ – Australian dollars. All currency amounts in this report are Australian Dollars unless otherwise stated.

$M – million Australian dollars.

Notes

This document may include Forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning IGO's planned production and planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are Forward-looking statements. Although IGO believes that its expectations reflected in these Forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these Forward-looking statements.

All cash costs quoted include royalties and net of by-product credits unless otherwise stated

Underlying EBITDA is a non-IFRS measure and comprises net profit or loss after tax, adjusted to exclude tax expense, finance costs, interest income, asset impairments, investment sales, depreciation and amortisation, and once-off transaction costs. Underlying NPAT comprises net profit (loss) after tax adjusted for; post tax effect of acquisition and integration costs, investment sales and impairments.

Free cash flow comprises net cash flow from operating activities and net cash flow from investing activites.

All currency amounts in this report are Australian Dollars unless otherwise stated.

IGO reports All-in Sustaining Costs (AISC) per ounce of gold sold in AUD for its 30% interest in the Tropicana Gold Mine using the World Gold Council guidelines for AISC. The World Gold Council guidelines publication was released via press release on 27th June 2013 and is available from the World Gold Council's website.

COMPANY DIRECTORY

Directors

Peter Bilbe
Non-Executive Chairman

Peter Bradford
Managing Director and CEO

Peter Buck
Non-Executive Director

Geoffrey Clifford
Non-Executive Director

Keith Spence
Non-Executive Director

Neil Warburton
Non-Executive Director

Management

Peter Bradford
Managing Director and CEO

Keith Ashby
Sustainability Manager

Rob Dennis
Chief Operating Officer

Matt Dusci
Chief Growth Officer

Joanne McDonald
Company Secretary

Sam Retallack
Organisational Capability Manager

Scott Steinkrug
Chief Financial Officer &
Joint Company Secretary

Perth Office

Suite 4, Level 5
South Shore Centre
85 South Perth Esplanade
South Perth WA 6151

Postal: PO Box 496
South Perth WA 6951

Telephone: +61 8 9238 8300
Facsimile: +61 8 9238 8399
Email: contact@igo.com.au
Website: www.igo.com.au

External Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Telephone: +61 8 6382 4600

Share Registry

Computershare Investor Services
Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: 1300 850 505
(within Australia),
+61 3 9415 4000 (outside Australia)
Fax: +61 3 9473 2500
Email: www.investorcentre.com/contact
Web: www.computershare.com

Shares

Listed on Australian Securities Exchange
(ASX)
ASX code: IGO
Shares on issue: 586,698,580
ordinary shares

Website

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available at minimum cost to the Company. All ASX releases, investor presentations, financial statements and other information are available on our website.
www.igo.com.au

Cautionary Notes and Disclaimer

This annual report has been prepared by Independence Group NL (IGO) (ABN 46 092 786 304). It should not be considered as an offer or invitation to subscribe for or purchase any securities in IGO or as an inducement to make an offer or invitation with respect to those securities in any jurisdiction. This annual report contains general summary information about IGO. The information, opinions or conclusions expressed in the course of this annual report should be read in conjunction with IGO's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available on the IGO website. No representation or warranty, express or implied, is made in relation to the fairness, accuracy or completeness of the information, opinions and conclusions expressed in this annual report.

This annual report includes forward looking information regarding future events, conditions, circumstances and the future financial performance of IGO. Often, but not always, forward looking statements can be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue" and "guidance", or other similar words and may include statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Such forecasts, projections and information are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are beyond IGO's control, which may cause actual results and developments to differ materially from those expressed or implied. Further details of these risks are set out below. All references to future production and production guidance made in relation to IGO are subject to the completion of all necessary feasibility studies, permit applications and approvals, construction, financing arrangements and access to the necessary infrastructure. Where such a reference is made, it should be read subject to this paragraph and in conjunction with further information about the Mineral Resources and Ore Reserves, as well as any Competent Persons' Statements included in periodic and continuous disclosure announcements lodged with the ASX. Forward looking statements in this annual report only apply at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information IGO does not undertake any obligation to publically update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

There are a number of risks specific to IGO and of a general nature which may affect the future operating and financial performance of IGO and the value of an investment in IGO including and not limited to economic conditions, stock market fluctuations, commodity demand and price movements, access to infrastructure, timing of environmental approvals, regulatory risks, operational risks, reliance on key personnel, reserve and resource estimations, native title and title risks, foreign currency fluctuations and mining development, construction and commissioning risk. The production guidance in this annual report is subject to risks specific to IGO and of a general nature which may affect the future operating and financial performance of IGO.

Any references to Mineral Resources and Ore Reserves estimates should be read in conjunction with IGO's 2016 Mineral Resource and Ore Reserve Statement, as released to the ASX, which is available on the IGO website.

www.igo.com.au